هكذا من الأصل

FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,360 Saturday January 3 1981 ***25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 5.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 6.00; PORTUGAL Esc 45; SPAIN Pta 75; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 20p; MALTA 25c

NEWS SUMMARY

GENERAL

Policeman injured after party row

A police sergeant was recovering from a serious head injury last night after a 10-day party in Birmingham ended in a pitched battle between police and more than 100 West Indian youths. Sergeant Anthony Peatman was hit with a lump of concrete and needed 12 stitches.

Local residents in Stirling Road, Ladywood, said they had been "living in fear," and Mrs. Jill Knight, Tory MP for Edgbaston, said she would discuss it with Home Secretary William Whitelaw "at the earliest opportunity."

Blast suspect

Kenyan police are searching for a man with a Maltese passport in connection with the bomb blast which wrecked Nairobi's Norfolk Hotel, killing 13. Page 2

Ulster warning

Protesting Republicans at Ulster's Maze prison warned of an escalation in action unless problems with the introduction of the prison reform package are solved.

Move on violence

Italy's lower house of Parliament will cut short its recess to debate an outbreak of guerrilla violence following the murder of police general Enrico Galvaligi.

Hostage proposals

Latest U.S. proposals for ending 14 months of captivity for the 52 American hostages were handed to Iran by three Algerian intermediaries. Carter deadline, Page 2

Armenian threat

Armenian extremists said they would attack Swiss diplomats throughout the world unless international organisations were allowed to visit two Armenian exiles imprisoned in Switzerland. Page 2

Polish plea

Polish newspaper urged the country's leaders not to be diverted from their reformist course. One in six Poles living in poverty, Page 2

Hua — no change

Peking Foreign Ministry said Hua Guofeng remained chairman of the Chinese Communist Party. Diplomatic observers had said he appeared to have lost his political power.

Egyptian trial

In Cairo, 33 people will appear before the state Supreme Security Court today on charges of opposing the Government of President Anwar Sadat. Page 2

Embassy occupied

The Libyans peacefully occupied the Libyan embassy in Copenhagen. The embassy had been transformed into an "office of the people," they said.

...ed on Four

London cabbie Fred Housego, winner of the Mastermind ..., faces a new challenge ... Monday as a BBC interviewer on Radio Four's Start the Week programme.

Climbing death

..., 27-year-old climber ... with a heart pacemaker, ... death on New Year's ... falling into an ice-... stream in the Scottish ...

Briefly . . .

... director Raoul Walsh died ... Angeles aged 93.

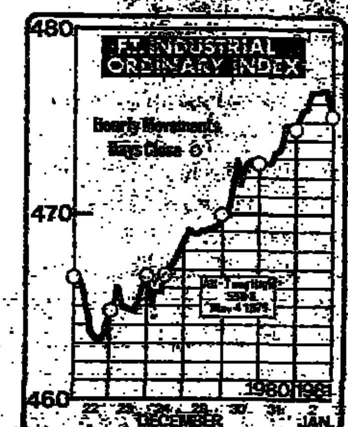
... singer Liza Minnelli ... miscarriage, losing ... she was expecting in ...

... spent an average ... on ... last year ... while the ...

BUSINESS

Gold off $7; £ index eases

- **GOLD** was quoted at $585 in New York, compared with Wednesday's close of $592 and $589.5 in London. European markets were closed. Page 19
- **STERLING** firmed in New York to $2.3825. In London, it closed at $2.3815, a fall of 95 points from Wednesday. Its index eased to 78.6 (78.7). Page 19
- **DOLLAR** slipped in New York to DM 1.9675. In London, it closed at DM 1.9750, compared with DM 1.9600 on Wednesday. Its trade-weighted index rose to 86.5 (86.2). Page 19
- **GILTS** maintained their firm undertones. The FT Government Securities index closed 0.08 up at 68.77. Page 20
- **EQUITIES** nudged higher.



The FT 30-share index added 0.8 to finish at 475.3. Page 20

- **WEST GERMANY** is renewing Swiss credit of about DM 1bn (£212.9m) to help finance the current account deficit. Page 2
- **FRENCH TREASURY** will float a FFr 10bn (£922.5m) bond issue, continuing the Government's policy of financing the budget deficit from domestic savings. Page 2
- **U.S. PRIME RATE** was cut by 1 per cent to 20.5 per cent by seven more banks, including the largest Bank of America.
- **GENERAL MOTORS**, the biggest U.S. motor company, is cutting the price of its smallest cars, but prices on average go up by 1.5 per cent. Back Page
- **FINMECCANICA**, the Italian state holding company whose subsidiaries include Alfa-Romeo, is being restructured into four main groups. Page 17
- **GOLD STOCKS** in London rose by at least 700 tonnes worth more than £6bn in the past decade. Page 3
- **COAL BOARD** is spreading a false sense of security by claiming that Britain's reserves can last 300 years, say geologists. Page 15
- **HOUSEBUILDING COSTS** rose an estimated 18.1 per cent last year, compared with 19.3 per cent in 1979. Back Page
- **P & O FERRIES'** crew locked themselves in aboard the Ulster Queen at Liverpool in protest at the decision to stop sailings to Northern Ireland. P & O sails into troubled water, Page 3
- **TOZER KEMSLEY** and Milbourn appointed Malcolm Horsman as managing director, putting the seal on his return to the City after five years. Back Page
- **EMPIRE STORES**, the mail order house, has been told that its method of accounting for VAT is unacceptable. Back Page
- **TAKEOVER BID** of $376m (£157.45m) for Cannon Mills, U.S. manufacturer of towels, sheets and pillowcases, was proposed by a private group led by former ITT chairman Harold Geneen. Back Page
- **ENTE NAZIONALE** Idrocarburi, Italy's State-owned energy group, reports a 40 per cent increase in sales last year to L28,000bn (£12.6bn). Page 17

... PRICE CHANGES YESTERDAY

(... in pence unless otherwise indicated)

RISES

... Stores	111	+ 4
... Peck	142	+ 10
... Auto	165	+ 10
...	22	+ 6
...	55	+ 3
...	238	+ 5
... Holidays	430	+ 45
Sommerles	106	+ 8
...	342	+ 6
Telecentrol	95	+ 8
... Rubber		

FALLS

... Supplies	125	− 4
... Timber	126	− 8

Cut in reserve asset ratio heralds greater freedom for banks

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BANKING system is to be allowed greater freedom to manoeuvre by the Bank of England as a *first step to implementing* the major changes in the monetary control system foreshadowed last November.

The aim is to anticipate the liquidity pressures which would otherwise have developed in the next few weeks because of seasonally heavy tax payments.

The hope is that the distortions and strong upward pressure on short-term interest rates which appeared last year will largely be avoided.

The key change, announced yesterday by the Bank to take effect from Monday, is a reduction from 12½ per cent to 10 per cent in the minimum reserve asset ratio which the banks are at present required *to maintain. In addition*, the amount of Treasury Bills on offer at the weekly tender is to be reduced from £200m to £100m next Friday.

Quite separately, the Bank announced the issue next week of a further £1bn gilt-edged stock.

The reserve asset ratio change is of key importance for the money markets. Until now banks have had to keep holdings of money at call and certain public sector and commercial bills above 12½ per cent of their eligible liabilities, the bulk of the banks' deposits.

Under this arrangement a shortage of liquidity following very heavy tax payments or large sales of gilt-edged stocks would put pressure on the ratio *and force the banks to seek* reserve assets. This would push up short-term interest rates and disturb the balance of the financial system.

The Government announced in November that the ratio would be phased out since it was not necessary for monetary control. Its abolition will come when appropriate prudential liquidity norms have been agreed for banks. Consultations on this are continuing.

The reduction in the ratio is intended to be consistent with these longer-term changes while permitting greater short-term flexibility. The move has no implications for the prudential behaviour of the banks which is seen as an entirely different issue.

It is difficult to assess the precise implications since while the 2½ per cent is equivalent to about £1.7bn the impact will depend on the balance of holdings of various assets.

The intention is to make liquidity available at a time of pressure by freeing the banks from the obligation to hold certain types of public sector debt. The cut in the amount of Treasury bills offered next week fits in with this policy.

The liquidity pressures in the next couple of months may still require assistance from the Bank though the authorities presumably hope to avoid the large-scale temporary loans involving sale-and-repurchase agreements on gilt-edged stock *which occurred last year.*

When the period of heavy tax payments ends in three months' time the ratio will not be increased again. By then the authorities hope to have a clearer idea of the details of the new arrnagements and to be moving towards a more market-determined system of fixing interest rates.

Apart from heavy seasonal tax payments, pressures may also be caused by further payments on gilts already sold and by any sales of the new stock.

The new issue is to be a further £1bn tranche of 12¼ per cent Exchequer 1999, in addition to £1.8bn of the stock already in issue.

The stock is being offered at a minimum tender price of £89.75 per cent, where the running yield will be 13.65 per cent and the gross redemption yield willl be 13.79 per cent.

Only £20 per £100 nominal has to be subscribed on tender next Wednesday morning with £50 per cent on February 6 and the balance on March 6.

The issue is being made now, even though the public sector is expected to be in surplus over the next few weeks. This is partly to cover the refinancing of maturing stocks

Money Markets Page 19
Barclays 1½ per cent interest rate Page 3

U.S. may restrict steel imports

By Ian Hargreaves in New York

PRESIDENT CARTER is expected to announce shortly a series of import protection devices for the U.S. special steel industry which could affect European and Japanese producers.

Trade officials have submitted a plan to the President which includes suggestions for a so-called "anti-surge" device designed to trigger Government investigation of steel importers if imports exceed given levels in any specified period.

The anti-surge system was part of the programme announced by the President last autumn to protect the basic steel industry from aggressively priced imports. The basic steelmakers also won their case for re-instatement of the trigger price mechanism, which sets minimum prices for foreign produced steel sold in the U.S.

Special steels, which include stainless and high quality steels used in the production of machine tools, have not previously been protected by trigger prices, but were protected by a quota system for several years.

President Carter scrapped these quotas in February during the Administration's confrontation with the U.S. steel industry—a confrontation which involved the filing of anti-dumping suits against seven European countries.

Since then, the special steel industry has been pressing its case for protection but has failed to convince trade officials in Washington that trigger prices could be made to work for the highly complex and fragmented special steels field.

Officials have also pointed out in their submission to the President that since quotas were eliminated, there has been no substantial increase in the market penetration of foreign special steels.

The steelmakers, however, dispute this analysis, pointing out that 11.9 per cent of the U.S. market was held by foreigners in the first half of this year compared with 10.3 per cent in the comparable part of 1979.

Officials observe, however, that the overseas suppliers' share of the market is lower

Continued on Back Page

£ in New York

—	Jan. 2	Previous
Spot	$2.3800-3850	$2.3875-3925
1 month	1.10-1.30 pm	0.85-1.05 pm
3 months	1.85-2.05 pm	1.90-2.20 pm
12 months	2.40-2.80 pm	2.00-2.50 pm

BL hopeful of settlement in Metro dispute

BY LORNE BARLING

THE MANAGEMENT of BL is hopeful that strikers at Longbridge will decide at their meeting tomorrow to return to work on Monday, ending the stoppage that has halted production of Mini Metros and Minis for the past two weeks.

The company is still maintaining its hard line stance on the stoppage, however, and says that if the 1,500 strikers decide not to return it will go ahead with plans to resume production by whatever means are possible to meet demand for cars.

The BL Board also warned yesterday that it would meet within days to review the future of the Austin/Morris business "unless there is a satisfactory resumption of production at Longbridge next Monday."

The company also indicated that it may have to reconsider its recent request for a further £1bn in Government funding if the stoppage continued.

Continued strike action would not change disciplinary decisions, but would put the future of Longbridge and the jobs of "tens of thousands" in other plants in "serious and imminent jeopardy," the company said. A total of 36,000 jobs at Longbridge and Cowley would be affected, it said.

Management hopes that work would resume on Monday were boosted by proposals put forward during 14 hours of negotiation which ended early yesterday.

The talks, held at BL's training centre near Warwick, apparently came close to success, but union leaders must now consult shop stewards and the Longbridge assembly line workers who went on strike over the sacking of eight men allegedly involved in a near riot at the plant on November 21.

BL's confidence in a return to work was expressed yesterday in its decision to recall 4,500 laid off workers at the plant from Monday.

In the meantime, BL is sending a second letter to the strikers, outlining the negotiated proposals aimed at ending the deadlock. A letter sent to them last week warned that they too would be sacked if they did not return on Monday, and others would do their jobs.

The main sticking point in the negotiations has been over the powers of the conciliation-officer chairman of a committee *to inquire into the sackings,* since his casting vote would be crucial.

Both management and unions have now agreed that he will not vote and his views, if asked for by either side, will be given prominence when management reconsiders the sackings.

This assurance, however, was not enough to convince all the negotiators, although it was supported by Mr. Grenville Hawley, Transport and General Workers' Union national officer, and by Mr. Ken Cure, Midland executive officer of the Amalgamated Union of Engineering Workers, whose president, Mr. Terry Duffy, first suggested the formula.

Mr. Geoff Armstrong, BL's director of employee relations, said: "I am disappointed that an agreement has not been reached, but I accept that the unions need to go through the consultative process."

Key discussions took place yesterday when Mr. Jack Adams, the Longbridge convener, put the proposals to the works committee, which will report back to the negotiators.

On the basis of these and other views, union leaders will address the striking men tomorrow morning. Although Mr. Hawley denied that any recommendation will be made, much will depend on the attitude of Longbridge shop stewards.

Richard Evans, Lobby Editor, writes: Senior Ministers are showing increasing dismay at the prospect of continuing industrial disruption at BL but they are unwilling to speculate on the Government's attitude to the company's £1bn rescue package.

Ministers appear anxious to back Sir Michael Edwardes, BL's chairman as much as possible and appreciates the financial and social implications of withholding support from his four-year recovery plan.

But it is evident that an extended dispute would increase pressures within the Cabinet and on the Conservative backbenches for ministers to adopt a hard line. There is a genuine belief that continuing industrial relations difficulties could rapidly wreck all prospects for the company.

An indication of these feelings came yesterday from Mr. Michael Grylls, Tory MP for Surrey North-West and vice-chairman of the party's Industry Committee. He spoke of the "Lemming like" approach of many BL workers.

"If they insist on committing hara-kiri there is little more teh Government can do," he said.

A continuing strike next week would "harden opinion in the Cabinet and on the Conservative benches against putting more money into Leyland when it goes straight down the drain in losses."

GM cuts price of small cars Back Page
Driving a hard bargain Page 12
Lex Back Page

BR delays APT launch for fifth time over tilt fault

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

BRITISH RAIL has postponed for the fifth time the introduction of its 155 mph Advanced Passenger Train, its biggest single investment programme. One of the main problems is continuing technical difficulty with the train's tilt mechanism.

The APT was an important part of British Rail's strategy for winning back passengers from the airlines to its Inter-City services to Scotland.

Now the British Railways Board has told the Government that it no longer wants immediate authorisation to spend £34.5m on advance orders for equipment for the first production batch of APTs.

The first fare-paying passengers were to have travelled on the APT between London and Glasgow last month; but delays in testing the novel tilt system which allows the train to corner at high speed have again put back the start of commercial services.

No new target date for the *start of services* has been set by British Rail, although an experimental service may start before the end of the year.

However, full commercial services with the 60 trains British Rail wants to build under its £250m APT programme are now unlikely before the late 1980s.

This would be about 10 years later than BR originally planned to start experimental services *with the tilting train*, in mid-1979.

The decision by British Rail to postpone, at least until the 1982-83 financial year, its plans for ordering advance equipment for production APTs will hit a range of engineering equipment suppliers.

In particular, Brush Electrical Machines, part of the Hawker Siddeley Group, in Loughborough stands to lose because of its involvement in the design and production of large electric motors for the electrically-powered APTs.

Earlier last year, Brush was given a preliminary development contract by BR. This called for Brush to develop the large electric motors made by ASEA of Sweden, and already used on the three existing pre-production APTs.

Brush has an agreement with ASEA to build the motors under licence and had already placed a £3m order with the Swedish company for components for up to 15 APTs.

The successive delays in introducing the tilting APT into passenger service arose because of the complexity of the *machinery on the train, because* of staff shortages and "financial considerations," BR said last night.

The train's sensing system, which detects bends and tilts the train to take them at high speed "occasionally blocks, fails and locks in position, which is not good for passenger comfort," BR said.

The team of engineers commissioning the three pre-production prototypes was "50 per cent below strength," and now had only six highly skilled engineers.

The engineers were currently trying to refine the tilt mechanism to a "higher pitch of efficiency" to improve the comfort of passengers and reliability. At present it had not reached "standards of performance" acceptable to British Rail, despite the £37m invested in the project since 1969.

Opera house in BBC TV deal

BY ANTONY THORNCROFT

MORE TELEVISION broadcasts of operas and ballets from the Royal Opera House, Covent Garden, can be expected following the signing of an agreement between the Opera House, the BBC, and Covent Garden Video Productions, a newly-formed private company which aims to market filmed productions from Covent Garden throughout the world.

The first fruits of the agreement are The Tales of Hoffmann, which was transmitted live on BBC last night, and La fille mal gardée, which will be recorded on January 7.

At least three productions for the BBC are planned each year. CGVP will pay the televising costs which for Hoffmann will be about £250,000.

It does not expect to recoup its money from selling the television rights abroad. The profits are anticipated from video cassettes, pay-TV transmissions and cable television.

Artists and musicians will earn royalties from the re-transmissions and sale of cassettes. A cassette of *The Tales of Hoffmann* should be on sale for about £40 this summer in the UK.

Mr. Mark Bonham Carter, vice-chairman of the BBC, is chairman of CGVP, whose Board also includes other BBC directors, notably Mr. Robin Scott and Sir Huw Weldon.

CGVP will have first refusal on Covent Garden productions but it will not be an exclusive tie-up. The Opera House should also benefit from royalties from the sale of cassettes, as well as from a down payment on each venture.

Mr. Scott, a joint managing director of CGVP, said that so far the agreement, which is for five years, was tentative. Although a salesman had been appointed to market the productions in Europe, the U.S. market awaited development.

A video disc of Hoffman might be available in the U.S. this year at $35 (£14.60), he said, but the success of the scheme depended heavily on the development video market and the strength of the competition.

CONTENTS

For latest Share Index phone 01-246 8026

OVERSEAS NEWS

W. Germany borrows DM 1bn from Swiss

By Our Foreign Staff

WEST GERMANY is renewing a credit sum of close to DM 1bn (£222m) obtained from Switzerland in 1976 as a further step in its policy of borrowing abroad to help finance its large current account deficit.

Agreement has already been reached on renewal for two years of a credit of DM 750m first obtained from major Swiss banks five years ago and which had been due for repayment yesterday.

The Germans also aim to renew a further credit of DM 200m. obtained from the Schweizerische Volksbank, Bern, and due for repayment in March—although there is no formal accord on this so far. The Germans will pay interest of around 9 per cent on the two-year loans.

Five years ago, German public opinion was far from used to the country borrowing abroad and the action caused a domestic storm. Now, with a 1980 current account deficit of close to DM 30bn, after one of DM 10bn in 1979, the foreign borrowing policy raises relatively little criticism.

The sum involved with Switzerland is relatively small. It compares with a total of around DM 20bn raised abroad — directly and indirectly — by the German Government last year. About DM 5bn of that came from the U.S., and most of the rest from Arab sources — notably Saudi Arabia.

Egyptians on trial charged with opposition to Sadat

BY ANTHONY McDERMOTT IN CAIRO

THIRTY-THREE people are to appear before the state Supreme Security Court today on charges of opposing the Government of President Anwar Sadat.

Underlying these charges is the accusation that the defendants belong to an illegal communist organisation—in this case the Egyptian Communist of the more significant and longer standing Egyptian Communist Party.

Under the Constitution, communism, as well as extreme religious groupings of the right, are banned, in spirit if not explicitly. The state, Supreme Security Court is answerable only to President Sadat.

There have been at least two batches of Communists rounded up in the last few years. The most notable occasions were in April last year, when about 30 were arrested and accused of trying to overthrow the state with financial aid from the Soviet Union, East Germany, Czechoslovakia and such Arab states as oppose Egypt's peace treaty with Israel as Syria, Libya, Algeria, and South Yemen, as well as the Palestine Liberation Organisation. In September last year another 50 were arrested on charges of belonging to a clandestine Communist organisation.

Those appearing today are the last of 56 arrested in August, 1979. Notably among them at the time were 23 members of the Unionist Progressive Party, one which has been opposed to Sadat's policies, but which now no longer has any seats in the People's Assembly. According Mr. Khaled Mohieddin, the party leader, five members of the UPP will appear.

After their arrest in 1979, a hunger strike was staged in the prison at the Citadel in protest against their treatment. Since then they have all been out on bail.

The government's tactics against communists — and to a lesser extent against religious extremists — has been to create an atmosphere of uncertainty. First the numbers of those arrested (and more often than not released on bail), is left vague. Second, court cases are stretched out over many months, as in this case. Few expect that today's hearing will produce anything beyond referral to another court session.

Reuter reports from Mogadishu: Dr. Henry Kissinger, the former U.S. Secretary of State, said yesterday the incoming Reagan Administration should discuss ways of preventing the expansion of Soviet power in the strategic Horn of Africa.

Dr. Kissinger left Mogadishu for Cairo yesterday after talks last night with Mr. Mohamed Siad Barre, the Somali President. The former Secretary of State is expected to play a role in the Administration of President-elect Ronald Reagan and is also making unofficial visits to Saudi Arabia, Oman and Morocco.

He told reporters the Indian Ocean, Horn of Africa and Arabian Peninsula were of vital importance to the peace and security of the world.

Dr. Kissinger said: "What is needed here is an overall approach to the problem so that individual countries should not be put under Soviet pressure or Soviet proxy."

Somalia is flanked by South Yemen and Ethiopia, both of which receive Soviet military aid.

Mr. Khaled Mohieddin: Five of his party members in court.

French float FFr 10bn New Year bond

By Robert Mauthner in Paris

THE FRENCH Treasury will soon float its first major loan on the domestic market for 1981—an eight-year FFr 10bn (£922.5m) bond issue with a coupon of 13.8 per cent, the same rate as for the last State issue for a similar amount last October.

Half the loan will be redeemable after four years and the rest at the end of the eight-year period.

The Economics Ministry said the loan marked a continuation of the Government's policy of financing the budget deficit out of savings, rather than through the inflationary creation of money. This policy was largely successful in 1980, when three State loans totalling FFr 31bn were issued to finance a budget deficit which —for once—has remained within reasonable bounds.

According to the latest official figures, the budget shortfall last year was FFr 35.8bn, compared with a projected deficit of FFr 31bn, much better than in previous years when the outturn was always infinitely worse than the original forecast. If it had not been for a FFr 4bn Government hand-out to farmers in December, aimed at maintaining their purchasing power, the budget deficit would have been financed entirely by the three State loans last year.

All the indications are that the Government will pursue the same kind of policy this year, for which a budget deficit of FFr 29.4bn has been forecast. Though the authorities are still anxious to stimulate long-term savings, the coupon of 13.8 per cent for the new loan marks an end to the sharp increase in long-term interest rates initiated in autumn 1979.

From 12 per cent for the State bond issue last January the rate climbed to 13.25 per cent for the second issue in June and to 13.8 per cent for the third in October.

If the authorities have decided to call a halt to the escalation in long-term rates, it is partly to avoid upsetting the financial market by offering a still higher rate, as happened last time. The rate for the new loan, due to be floated later this month, is in line with that prevailing on the secondary market for previous State issues

While previous French State loans have proved highly successful not only with domestic lenders but with foreign investors—particularly in the oil-producing states—it remains to be seen whether the public's taste for long-term bonds is as great as it was

Carter team deadline for negotiating release of hostages

BY TERRY POVEY IN TEHRAN

THE OUTGOING Carter Administration has indicated in its latest contact with Iranian officials that they have until January 16 to reach a settlement of the hostages crisis with the U.S. negotiating team.

It is thought unlikely that President Carter will be able to enter into an agreement after that date which will be accepted in Washington as binding on the new Administration of Mr. Ronald Reagan, due to be inaugurated on January 20.

This is believed to be the substance of a verbal message delivered to the Iranians by the Algerian delegation which arrived in Tehran yesterday with a copy of the latest written proposals from Washington.

The delegation was met early in the morning at Tehran airport by a senior official from the office of Mr. Mohammed Ali Rajai, the Iranian Prime Minister. He received a copy of the U.S. proposals from the four Algerian intermediaries, who include that country's ambassadors to Iran and the U.S. as well as the governor of the Algerian Central Bank.

Painstaking

Diplomats in Tehran say that in the latest proposals, the U.S. has probably tried to stick very closely to the form and wording of Iran's terms as set out in the original resolution by its Parliament and in the document prepared by the Iranians just before Christmas.

Painstaking efforts by U.S. officials, led by the Deputy Secretary of State, Mr. Warren Christopher, and the Algerian delegation, involved a paragraph-by-paragraph comparison of the U.S. papers with the various Iranian documents. This is thought to have produced redrafted proposals that at least read like those demanded by Iran.

It is not known to what extent the Carter Administration has given ground on the two real sticking points. These are the amount of hard cash it will place in the Algerian Central Bank in exchange for the immediate release of the 52 diplomats and, second, the size of the guarantee fund it will set up in the bank to cover future claims by Iran against the late Shah's estate.

Just before Christmas Iran demanded the immediate return of frozen assets which it valued at $14bn (£5.85bn) plus the setting up of a guarantee fund of a further $10bn (£4.18bn) in exchange for the release of the hostages. Since that time Iran appears to have given the Algerian intermediaries leave to seek alternative means of providing a guarantee.

Addressing Friday prayers in Tehran yesterday, the leader of the dominant Islamic Republican Party and head of the Supreme Court, Ayatollah Mohammed Beheshti, condemned those who criticised the Government of Mr. Rajai.

"Our economic problems have roots many years back," he said. "It is unfair to expect a government in office for only three and a-half months to have solved them."

Another speaker at the prayers called for an end to "occupations and strikes," saying they were acts of treason in the course of "Iran's struggle against super powers."

Committed

Observers take the remarks of Ayatollah Beheshti to indicate that the leaders of the Islamic Republican Party remain committed to resolving the hostage issue quickly and trying to bring some order to the country which has been gripped by repeated crises since its revolution 22 months ago

Recent comments by other members of this party and certain clerical figures indicate, however, the continuing existence of opposition to a settlement with the U.S. over the hostages.

One in six Poles 'live below poverty line'

BY CHRISTOPHER BOBINSKI IN WARSAW

ONE IN every six Poles and 40 per cent of the country's children are living below the poverty line, Trybuna Ludu, the official Party newspaper admitted yesterday.

Those existing on less than the "minimum income"—a level defined as satisfying basic needs—are pensioners, invalids, large families, single women bringing up children and young married couples with a child who are forced to rent expensive accommodation.

The article in Trybuna Ludu warns that the authorities will have to work out an incomes and welfare policy to safeguard this group in the difficult period which lies ahead. The paper points out that as economic reforms aiming at efficiency are introduced, so enterprises will tend to shed surplus labour

"A programme must be set out which would secure a minimum safety limit so that the weakest in society don't have to bear the greatest cost of the crisis," it says.

Trybuna Ludu also points out that people whose income is below the social minimum tend to stay in that category and their disadvantages are passed on to their children. "They have the worst living conditions are most likely to turn to crime, end their education at 14 and begin their careers as unqualified labour."

Meanwhile, members of Solidarity, the independent trade union, were continuing a sit-in at local government offices in Ustrzyki Dolne, in the south-easternmost tip of the country. Government officials are likely to arrive there soon for talks on demands which aim at securing recognition and an end to harassment of the union by local officials.

Members of Rural Solidarity, the farmers' union in Rzeszow, 50 miles away, have threatened to occupy local government offices if talks do not get under way in Ustrzyki by Monday.

Agencies report: The official PAP news agency said yesterday that the long-expected meat rationing would be further delayed because of "so many reservations" in the Polish community. PAP said the plan would have to be modified and possibly launched in March.

The Government decided to ration meat as part of the agreement with workers ending the summer strikes.

PAP also reported that Poland produced 193m tonnes of hard coal in 1980, well short of the annual target of 205m tonnes which was later revised to 207m tonnes.

The Warsaw court yesterday registered an independent union organised by employees of tax and financial control offices, bringing to 54 the number now registered. There was no indication of how many workers are involved.

U.S. banks follow fall in prime

By David Lascelles in New York

MOST LARGE U.S. banks cut their prime rates to 20½ per cent yesterday, joining the level set by Wells Fargo and Chase Manhattan Bank before Christmas.

The one percentage point cut came in the wake of a sharp decline in short-term interest rates in the second half of December. The latest round of cuts was triggered by Citibank, the larget New York bank which usually reviews its prime rate on Friday mornings.

However, the banking industry is still plainly divided over the outlook. A number of the smaller banks have already taken their prime rates down to 20 per cent and even lower, citing the sharp reduction in their cost of funds. But some large banks, like Morgan Guaranty, have stuck at 21½ per cent.

The trend in short term rates was confused somewhat by hectic end-of-year dealing earlier this week which tended to push some of them up again. Dealers do not expect the underlying picture to become clear until post-holiday trading resumes next week.

The federal reserve board also announced yesterday that it will delay its latest money supply figures until next week. They are usually released on Friday afternoon.

Reuter adds: The International Monetary Fund has raised its interest rate on loans to 10.875 per cent from 8.5 per cent. The IMF also raised its renumeration rate to creditor countries to 9.7875 per cent from 7.65 per cent, and set a new value for its special drawing right (SDR).

Police hunt guest after Nairobi hotel bombing

NAIROBI — Kenyan police said yesterday they were searching for a man with a Maltese passport in connection with a bomb blast which wrecked Nairobi's Norfolk Hotel on New Year's eve.

The police said 13 people died in the explosion and 87 were injured — 42 of the wounded were still in hospital last night.

A police spokesman said a man holding a Maltese passport had stayed in the hotel but did not check out. He has been missing since the blast.

Mr. Edward Block, a member of the family which owns the hotel, said yesterday the bomb had been planted in this room, over the hotel restaurant where New Year's eve revellers were gathering for dinner.

The police statement was the first official confirmation that the explosion was caused by a bomb.

The statement named the dead as Franklin Chipande, the hotel's food and beverages manager; Samson Shilese, a waiter; two British children, James and Peter Adams; and Ferdinand Biguando, an Italian. A number of people were said to be missing following the blast. Reuter.

Students step up protest over Assam 'foreigners'

BY K. K. SHARMA IN NEW DELHI

STUDENT agitators in Assam, who have been demanding the deportation of immigrants from their north-eastern state for nearly 18 months, decided yesterday to intensify their movement. At the same time the central Government in New Delhi released figures about the extent of the damage to the Indian economy caused by their campaign.

The Finance Minister, Mr. R. Venkataraman, announced that the loss in foreign exchange was Rs 10bn ($1.3bn) because of the suspension of oil production in the state and the fact that this had led to the closure of three refineries.

The three refineries are in Digboi, Gauhati and Bongaigon in Assam State. Another refinery, in Barauni in Bihar State, has also had to reduce operations

Production of fertilisers has also been affected by the Assam agitation since the feedstock has not been available for eight factories. About 1m tonnes of fertiliser production, worth Rs 2.6bn, has been lost as a result. Fertiliser imports have also been increased.

Armenian threat to diplomats

By John Wicks in Zurich

THE so-called Secret Army for the Liberation of Armenia has threatened attacks on Swiss diplomats.

The organisation, which is understood to be based in Beirut, has called on the Swiss Government to allow representatives of humanitarian bodies to visit two Armenian exiles imprisoned in Switzerland.

On December 29, the Madrid offices of Swissair and TWA were rocked by explosions. The Swissair bombing was said by the exile group "Third of October" to be a reaction to the injuring in Geneva of the Swiss lawyer acting as defence counsel for the two Armenians.

Algeria oil and gas earnings 'cut by half'

BY SUSAN MORGAN IN ALGIERS

ALGERIA IS losing Dinars 30m to 40m (£3m to £4m) a day in revenue from hydrocarbon production and exports at the stricken West Algerian port of Arzew, according to Algerian officials. This is reportedly about half Algeria's hydrocarbons revenue. All production and exports were paralysed last Sunday by the most severe storm to hit Algeria for more than 20 years.

At Arzew, the world's largest gas exporting port, which contains an industrial zone employing 13,000 people, the storm severely damaged breakwaters (which may take up to a year to repair), two jetties and pipelines carrying crude oil and condensate to the loading terminal. It also forced aground a Uruguayan tanker — fully loaded with volatile condensate — now lying semi-submerged against the west jetty, only 100 metres from the biggest gas liquefaction plant in Arzew, LNG 1.

The paralysis of industrial activity in Arzew has affected all three gas liquefaction plants. The oil refinery and the ammonia and fertiliser plant have also stopped production. Apart from the risk from the leaking tanker and the damage caused to installations, the gas liquefaction and ammonia plants need sea water to function, but fractured pipelines and seepage from the tanker have so polluted the sea water that it is unuseable.

Greatest danger

The risk of methane butane escaping from grounded tanker and explo... has been the greatest dange... far. Experts now say the im... diate danger seems to ... passed, thanks mainly to w... dispersing the gas. Neverthe... there was a strong smell of ... yesterday in Arzew's vulnera... industrial zone. No traffic ... allowed, some gas flares ha... been extinguished and there ... little chance of the industri... complexes starting up so lo... as the tanker—"Juan ... Levalleja"—is aground

Experts from the Fre... company Abeille Internati... yesterday were still consid... how to deal with the tank..., a job expected to take at le... 10 days. Two specialised Fre... tugs were expected at Arzew ... help, while a 450-metre ... ing barrage to help stabilise ... tanker was also awaited.

Namibia conference hitch may be resolved

BY QUENTIN PEEL IN JOHANNESBURG

THE LAST stumbling block in the way of next week's UN-organised conference on Namibia (South-West Africa) was expected to be removed yesterday as the major participants manoeuvred for a last-minute advantage.

The Democratic Turnhalle Alliance (DTA), the controlling party in the South African-backed National Assembly in the territory, was expected to give the go-ahead for its members to attend the talks as part of the official South African delegation, which will face the South-West Africa People's Organisation (SWAPO), the nationalist guerrilla movement, across the table in Geneva.

In Luanda this weekend, representatives of the black front-line states in the region—Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe — are meeting to coordinate their position at the talks, and Mr. Sam Nujoma, the SWAPO leader is expected to attend. In a new year message, President Jose Eduardo dos Santos of Angola expressed his confidence that an internationally acceptable settlement to the long-running Namibian dispute would be found.

Both SWAPO and the front-line states maintain that next week's conference is simply to discuss implementation of the UN-plan for a ceasefire and UN-supervised elections in the territory. South Africa, however, and the internal political parties making up its delegation, insist that they are looking for reassurance of the impartiality of the UN.

DTA leaders have expressed fears that will be labelled as South African stooges for attending the conference as part of the South African delegation, but observers in Windhoek, the Namibian capital, nevertheless expect them to go along with the plan.

Meanwhile, Major-General Charles Lloyd, the South African military commander in the territory, has admitted that South African forces had carried out a number of raids in recent days on SWAPO guerrilla bases inside Angola. He gave no further details.

A blossoming market in the Netherlands

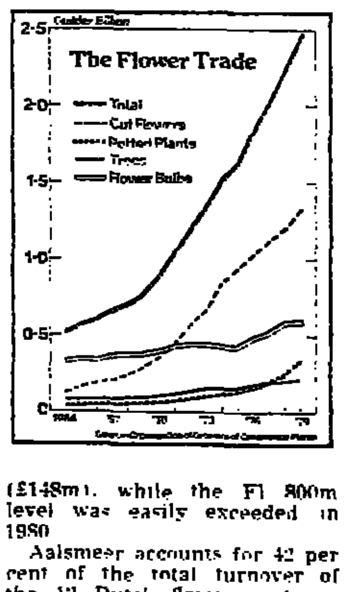
Charles Batchelor in Amsterdam visited the Aalsmeer auction hall, which claims to be the largest flower market in the world, to watch the billion-guilder Dutch industry gearing up for its busiest three months.

THE DUTCH have fashioned a part of their national image and a bullion guilder business out of flowers. The daffodils on sale at a market stall in West Germany's Rhineland and the table-top arrangement in a Dubai hotel, both, more than likely, left a Dutch glasshouse a day or so before.

The start of the new year sees the industry gearing up for its busiest three months. The tulips, daffodils and hyacinths now growing in the rich reclaimed soil of the provinces of North and South Holland push flower sales to their annual peak in March, April and May. The Easter and Mother's Day weeks exceed even the busy Christmas period for Dutch growers and auctioneers.

The Netherands exported Fl2.46bn-worth (£482m) of cut flowers, potted plants and bulbs in 1979. This compares with Fl1.56bn-worth of textile exports and Fl2.03bn-worth of paper and board.

Most sales were made through one of the country's 12 auctions, which channelled Fl1.8bn-worth of flowers to foreign customers. Most of the 8,000 or so growers, ranging from family companies to larger enterprises, belong to one or more of these auctions.



Aalsmeer, which is the largest Dutch auction and which claims to be the largest flower auction in the world, is 15 kilometres south of Amsterdam and strategically placed within a few minutes' drive of the Dutch capital's Schiphol airport. Only 10 per cent of the Aalsmeer auction's flowers go by air freight, but proximity to the airport has helped to make it the most international centre.

Nearly 2bn cut flowers and 150m potted plants came under the auctioneer's hammer in 1979. The turnover at the auction, a non-profit making organisation co-operatively owned by 3,900 growers, rose by 10 per cent in 1979 to Fl 757m (£148m), while the Fl 800m level was easily exceeded in 1980.

Aalsmeer accounts for 42 per cent of the total turnover of the 12 Dutch flower auctions. The Honselersdijk auction, in the heart of the Westland glasshouse district south of The Hague, accounts for 33 per cent while the remaining auctions are much smaller, more local affairs.

Prices at Aalsmeer give a lead not only to the other Dutch auctions but to flower markets throughout Europe. The Aalsmeer opening prices for first grade roses and carnations are telexed to buyers in other European cities where they influence local prices.

The trading day starts early in the massive windowless auction hall, which is half a mile long and covers 60 acres. Many of the 4,800 people working for the auction or for the buyers use bicycles to get around, while the flower charts are hitched to a chain link conveyor belt in the floor.

Bidding in the five auction rooms starts at seven o'clock, although growers' lorries have been arriving throughout the night. The auction hall is open 24 hours a day, five days a week, although bidding usually ends around midday. Flowers delivered before 6.30 am will be auctioned the same day.

The flowers are inspected for disease and to see if they reach the approved quality standards. They are then taken into the auction room. The auctioneer punches the information on the inspector's sheet into the computer, the number, quality and grower's number appear on the auction clock face, and bidding starts.

In a Dutch auction, buyers bid down rather than up. The single hand on the auction clock face turns rapidly anti-clockwise from 100 to 0, with the buyer who stops the clock first getting the consignment, or as much of the consignment as he wants. The hand returns to 100 and bidding continues at bewildering speed.

This auction system has been developed to meet the needs of a market dealing in a perishable product, says Mr. Ton Van Renssen, managing board secretary of the auction. It allows a turnover of up to 7m flowers a day and ensures they are fresh when they reach the customer. The auction is always looking for new ways to speed up either the bidding or the handling systems

Payment is just as rapid. Buyers pay either in cash or by a same-day transfer from their account with the auction. Cheques are not accepted.

The success of the auction system in the Netherlands owes much to the country's smallness and to the excellent road network. The professionalism of the auctioneers, the low costs and the high quality of the flowers guaranteed by the auction's inspectors also attract foreign buyers. Many Paris florists buy French-grown blooms in Aalsmeer, where the choice is wider than at their local markets.

While the Dutch growers impose tight controls on imported flowers, allowing in to be auctioned only those varieties in short supply at home, foreign flowers are becoming more important. Imports account for just over 8 per cent of total sales at Aalsmeer. Israel supplied Fl 45m of the Fl 58m worth of foreign flowers sold in 1979, while Belgium, with Fl 3.2m of the Fl 4.2m total sales, was by far the largest foreign supplier of potted plants.

Flowers from as far away as South Africa, the U.S. and Thailand are sold in Aalsmeer.

The Dutch flower industry is subject to the same cost pressures as other sectors of the economy. High labour costs have encouraged many growers to switch to less labour-intensive potted plants, while those which have continued to grow flowers are developing varieties requiring less warmth. Surprisingly, many orchids require little heating, while this also explains the popularity of the gerbera or African daisy.

Most flowers sold at Aalsmeer are exported, the bulk of them to West Germany, which takes more than 80 per cent of all cut flowers sold, as well as nearly 60 per cent of potted plants. Switzerland and France follow at a distance, both taking under 5 per cent of cut flowers.

This dependence on West Germany, also reflected in other Dutch exports, is unhealthy, according to Mr. Van Renssen, and efforts are now being made to expand the French and British markets. But there is no real distribution network in the UK, and the cross-channel ferries restrict the growth of sales to the garden-loving British.

The Aalsmeer flower auction: prices set here give a lead to flower markets throughout Europe

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

David Marsh in London and **Bernard Simon** in Johannesburg look at the stay-put bullion business

Why London's gold 'mountain' keeps on growing

ONE OF the most celebrated international monetary rows of the 20th century flared up on the eve of World War II over the affair of the Gold That Never Moved. The moral of the tale is even more applicable today: because of the high price and soaring security costs of the yellow metal, central banks, gold dealers and other bullion enthusiasts prefer to shift the stuff around as little as possible.

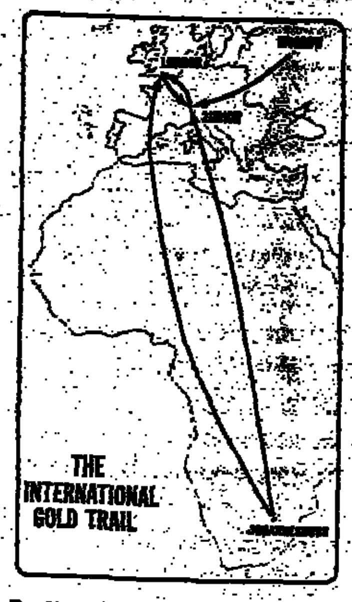
One result is that gold stocks in London have probably risen during the past decade alone by more than 700 tonnes, at a conservative estimate, worth more than £6bn at present prices. Perhaps nearly half of this has come in during the past two years.

Apart from the high cost of transport and insurance, the other main reason why gold has become physically concentrated in London and the other main trading centre in Zurich is that the bullion business has become increasingly speculative.

Long-term investment buying and purchases by industry — transactions which would tend to be reflected in physical movements — have become relatively less important. This was especially so last year when trading was dominated by short-term speculative movements of funds.

The pre-war furore blew up when Czech officials in German-occupied Prague in March, 1939 instructed the Bank for International Settlements (BIS), the central bankers' bank in Basle, to transfer Czech gold worth £6m held in the Bank of England vaults to the account of the German Reichsbank.

The BIS complied—and the Bank of England carried out its instructions. The upshot when the news leaked out two months later was a furious row in which both the Bank of England and the BIS were castigated in



Parliament and the Press as having in some way collaborated with the Germans.

What nobody realised was that the gold never left Lonodn. For some reason the Reichsbank left it in its account at the Bank of England, only to have it frozen at the outbreak of war. The supposed theft and surrender all took place within the Bank of England's vaults.

Apart from looking after part of Britain's gold reserves (another large portion is held with the Federal Reserve Bank of New York) the Bank of England today still provides vault space for gold deposited by foreign central banks.

The Bank also operates on the bullion market to buy gold needed for the sovereign-manufacturing activities of the Royal Mint, which have grown rapidly in recent years.

The BIS is still one of the Bank's most important foreign customers, along with the West German Bundesbank (the second largest holder of gold after the U.S.). Safeguarding part of their gold stocks is all part of the discreet range of services that the Bank performs for a large number of monetary authorities

The Bank of England's little publicised bullion activities are no doubt an important support for the London gold market. The Swiss National Bank, for instance, apparently does not make the same range of storage facilities available for foreign central banks (although it looks after a large amount of BIS gold).

One Swiss dealer claims the Swiss National Bank has simply run out of space—the bank is building new vaults at its headquarters in Berne, although these are intended to house securities as well as gold.

One of the most important of Bank of England's gold operations is to help store bullion sent to London by South Africa. The world's most important gold producer has always had close marketing ties with the City—up to 1968 the Bank of England functioned as the South African Reserve Bank's selling agent—and it still uses London as an important outlet for its international sales.

Gold purchases by the central banks of developing countries have been increasing during the past two years. And more South African gold seems to be staying in London rather than being sent to other centres like Zurich. Gold exports from the UK to Switzerland were down sharply in 1980. So some of the gold stocks built up in London undoubtedly reflect an increase in customers' holdings at the Bank.

Unlike the New York Fed, which publishes some figures on the gold it keeps on behalf of about 70 central banks, the Bank of England provides no statistics on the extent of its "foreign account" gold holdings.

Of the rest of the gold stored in London, a large part is kept at the big bullion houses—at least one of which has had to build new vaults during the last year or so.

In recent years very little, if any, gold from the Soviet Union, the world's second largest producer, has been sent directly to London.

During the 1960s large shipments came to London, handled through the Moscow Narodny Bank's City branch. Since the Russians re-started substantial sales to the West in 1972, the marketing has been carried out through its Zurich-based trading bank, the Wozchod Handelsbank, which occupies a prime site near the city's railway station and sells a variety of Russian postage stamps, rustic dolls and colourfully-printed ornaments as well as gold.

One important reason why the Soviet Union switched to Zurich was its distrust of the security arrangements at Heathrow airport, where large losses of gold and diamonds occurred, particularly in the 1960s.

But the Russians can still sell gold physically in London by arranging what is known in the trade as a "location swap" with a London or Swiss gold dealer. This involves the Russians exchanging metal held in Zurich for a separate amount of bullion stored in London. The arrangement allows the Soviet Union effectively to bring gold into London without the possibility that the transaction would ever show up in detailed gold import figures (the publication of which was stopped by the Bank of England four years ago).

Up to a few years ago, South African gold was sent to London

UK GOLD TRADE AND CONSUMPTION
(tonnes)

	Imports	Exports	Febrication (coins, Jewellery, industry)
	(unwrought refined gold bullion)		
1970	947	574	26
1971	1,001	631	24
1972	694	458	27
1973	684	527	34
1974	562	671	38
1975	486	509	53
1976	607	564	34
1977	649	660	55
1978	513	640	78
1979	796	492	90
1980	497*	285*	—

*1st 10 months. Sources: Dept. of Trade/Samuel Montagu/Cons. Gold Fields

through the weekly mailship service from Cape Town to Southampton.

Now bullion is seldom sent by sea because of the cost of insurance, which is much higher for longer times.

Gold sent from Johannesburg to London comes by South African Airways, with the air freight arrangements mainly handled through the Mitchell Cotts transport company. Consignments sent to Switzerland go by Swissair, and to West Germany via Lufthansa.

Competition among the airlines is, however, becoming more intense. One of the cheapest is the Dutch airline KLM, which has picked up the contract to carry a large slice of South Africa's Krugerrand exports.

The rising price of gold during the past few years has placed limits on the volumes that can be consigned from place to place at any one time.

According to one London insurance broker, the maximum value of gold in transit for which insurance can be arranged at short notice is about £105m—which would place an upper limit on gold consignments of about 13 tonnes, based on the present price of about £255 per ounce. Larger amounts can however be transported when the broker has enough time to organise extra cover from the international insurance markets.

However, at least one London bullion house says it can no longer transport even amounts of 10 tonnes because it is impossible to organise Lloyd's cover for metal worth £85m.

The cost of insurance is about £212 for every £425,000 of the value of the gold—which would work out at about £42,000 for a 10 tonne consignment.

Rising insurance charges have even had an impact back at the mineshaft. South African mines have recently reduced the amount of gold sent in railway trucks (the normal way of shifting it from the mines to the Rand refinery), except for the Free State Mines, which fly gold to Johannesburg because insurance costs had become exorbitant.

Energy, commodity unit trust funds again perform best

BY TIM DICKSON

FUNDS SPECIALISING in Australia, the Far East and energy and commodity stocks did best for unit trust investors in 1980, according to figures this week from Planned Savings magazine.

Top of the one year table, which goes to December 29, was GT Far East and General where on an offer to offer basis (net income reinvested) an investment on New Year's Day 1980 increased 87.6 per cent over the period.

Close behind came M and G Australasian with an 82.9 per cent rise, followed by Henderson Australian (73.5 per cent), Gartmore Special Situations (68.2 per cent) and Gartmore Commodity (67.3 per cent).

Completing the top ten were Barclays Unicorn Australia, Britannia Universal Energy, Gartmore Far-Eastern, Henderson International, and Henderson Financial and Investment Trust Units.

The year just ended is the second in succession during which energy and commodity funds have been the best performers.

The strength of the yen helped Far Eastern funds to recover from their mostly disappointing performance of 1979 while the resource-dominated Australian market has been one of the most exciting over the last 12 months.

Among management groups, Gartmore shows up well with four funds in the first dozen, while Henderson had five funds in the top 20.

Overall, 37 per cent of the 410 unit trusts monitored over 1980 managed a better performance than the FT Actuaries All Share Index with net income reinvesting advanced 31.5 per cent.

The bottom end of the one year table this time is dominated by high income and European funds.

Choularton Income, where a £100 investment at the beginning of 1980 was worth £83.3 at the end, collects the wooden spoon. Schroder Wagg Europe (£89.4), Murray European (£89.7), Oceanic Recovery (£90.4) and NEL/Nelstar High Income make up the rest of the bottom five.

Although they like to win, most unit trust managers recognise that short-term performance figures are not necessarily the best guide to future performance.

Roger Taylor

The Archbishop of Canterbury receiving the Freedom of the City of London yesterday from Sir Ronald Gardner-Thorpe, the Lord Mayor of London.

Barclays falls into line with 11½% interest rate

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

BARCLAYS BANK has fallen into line with the other big clearing banks by cutting its interest rate for 7-day deposits by 1 per cent to 11½ per cent.

Barclays had set its rate at 12 per cent at the end of November, when the minimum lending rate was cut from 14 per cent to 12 per cent. It was joined by the Midland Bank until the middle of December, when the latter cut its rate to 11½ per cent.

At the time Midland said it made the move because the higher deposit rate had not brought the bank enough advantage. Barclays offered a similar explanation yesterday.

At the same time, however, Barclays is increasing the rate of interest on its Bonus Savings Account—one of two new savings accounts introduced last year—by ½ per cent to 13½ per cent. This account is available to individuals who can put aside £10 or more a month for a minimum of one year.

Barclays attributes its lack of success in attracting significant new deposit business by offering the higher deposit rate, to the fact that all the clearers now offer a variety of savings accounts. It believes interest rate conscious customers are now fully taken care of

● Samuel Montagu, the Midland Bank group merchant bank, is to establish a joint venture merchant bank in Singapore.

The chairman of Midland Montagu Asia will be Mr. Paul Jeanty, while Mr. Peter White, chief manager of Midland's Singapore branch, and Mr. Christopher Wigan, Montagu's South East Asia representative, will be joint managing directors.

More UK news Page 15

Atlantic fares cut by British Caledonian

By Michael Donne, Aerospace Correspondent

BRITISH CALEDONIAN as part of a new package of fares reductions on its North Atlantic routes, has introduced a new cheap Super-Apex (advanced purchase excursion) fare of £90 single (£175 return) on the London-Atlanta route, and £112.50 single (£225 return) on the London-St Louis route.

These represent cuts of 36 per cent on the Atlanta run and 20 per cent to St. Louis. The offers begin on January 15 and last until March 15.

Some other Apex fares have been reduced. The Atlanta peak period Apex return has been reduced from £326 to £315.

British Caledonian is also offering a "two for one" first-class fare on its Atlanta route until the end of January. All passengers buying a first-class ticket to or from Atlanta will be offered an additional ticket free. The first-class return fare to Atlanta is £1,032.

Footwear output sluggish despite small recovery

BY JAMES McDONALD

OUTPUT by British footwear manufacturers in the third quarter of last year recovered by 10 per cent above the very low level of the previous quarter but was still 10 per cent lower than in July-September, 1979, according to Industry Department figures published yesterday in the official Government magazine, British Business.

Deliveries by manufacturers during the quarter, on a seasonally adjusted basis, at a monthly average of 10.8m pairs, were 1 per cent higher than in the previous three months but were 13.6 per cent fewer than in the third quarter of 1979.

Net new orders in the third quarter averaged 11.1m pairs a month on a seasonally adjusted basis and at this level were 43 per cent higher than in the previous three months and 3.7 per cent above the level of a year before.

Howell flies to the Gulf

By Martin Dickson, Energy Correspondent

MR. DAVID HOWELL, the Energy Secretary, flies to the Gulf tomorrow for a four-day visit to Qatar, Abu Dhabi, Dubai and Bahrain.

The visit is part of his efforts to improve relations with members of the Organisation of Petroleum Exporting Countries and complements a trip he made this time last year to Saudi-Arabia, Kuwait and Iraq.

Electric rail Link for Bedford

BRITISH RAIL will later this month switch on current in overhead wires along 23 miles of the railway line between Luton Hoo, South of Luton, and Bedford, marking an important milestone in British Railway's electrification of the London to Bedford commuter route.

Electric commuter train services from London to Bedford via Luton will start in May 1982, before which the Bedford-Luton stretch will be used for training 250 drivers on the new trains.

Steep fall in machine tool orders

By Elaine Williams

A STEEP fall in new orders and a steady decline in home sales is forecast for the UK machine tool industry this year.

Industry Department figures, published in the latest British Business, show a 29 per cent fall in new orders between June and September, 1980, compared with the previous four months, and a 3 per cent drop in home market sales.

Exports showed a similar downward trend—new orders declined by 26 per cent between June and September, 1980, and sales fell by 1.5 per cent.

British Business says: "Although the trend of export sales has been almost flat throughout 1980 it cannot be expected to remain so in view of the acute fall in new export orders since April, 1980."

Orders on hand for the machine tool industry were also lower by 12.5 per cent for the home market and 8.5 per cent for overseas during the period under consideration.

The Department of Industry says the total sales for the industry will continue to drift downward with no support from new orders in sight.

Sales setback for China Clay

THE WORLD WIDE recession in the paper industry, with the British industry particularly hard hit, is reflected in the latest figures for sales of china clay produced in the UK, writes **James McDonald.**

In the three months to the end of November last year, total sales averaged 232,234 tonnes monthly—nearly 13 per cent less than in the same period of 1979.

Sales of china clay directly to the home market, averaging 40,043 tonnes monthly, were 18.2 per cent less than in September to November, 1979. Sales directly to export markets fell less, by 11.6 per cent to 192,191 tonnes monthly.

P & O sails into troubled water over closure of Ulster ferry

P & O FERRIES' decision to close its Liverpool-Belfast service is not entirely unexpected, but the company seems to have underestimated the public outcry it has caused, writes William Hall.

When British Rail's ferry subsidiary, Sealink, announced the closure of its freight service between Belfast and Heysham a few months ago, there was hardly a murmur of protest. However, P & O's decision to end a service which has been operating for well over a century has led to a minor political storm.

Sealink had already cut its passenger service between Heysham and Belfast several years ago and the Liverpool-Belfast route was the last passenger route between England and the province. Passengers will now have to either fly, travel via Scotland or go by one of the routes serving the Republic.

The Larne-Stranraer/Cairnryan route carries five times as many passengers as the Liverpool-Belfast route but for many Ulster people the sea link with England has always been regarded as sacred.

Mr. Gerry Fitt, West Belfast's Independant Socialist MP has said "the matter transcends all political differences—everyone in Northern Ireland will be affected by the withdrawal of the service." Northern Ireland officials intend to meet the company's senior executives early next week to see if the decision can be reversed.

The closure of the Belfast-Liverpool service was precipitated, according to the company, by the start of the National Union of Seamen's campaign to disrupt ferry services in support of their wage claim. The crews of the company's two ageing Irish sea ferries, the Ulster Prince and the Ulster Queen, were among the first to act.

FIFTEEN members of the crew of the Ulster Queen yesterday staged a sit-in aboard their ship in protest at the decision to close the Liverpool-Belfast service.

In London, Mr. Ian Churcher, executive chairman of P & O Ferries, said that the service, which carried 350,000 passengers and 45,000 cars last year, was losing £0.6m a year. He discounted the likelihood that the company would reopen the service if offered Government aid.

However, the route has been unprofitable for several years, and losses currently are believed to be running at over £0.5m a year. Unlike most of the other routes to Ireland, the Belfast Liverpool service is heavily biased towards tourist traffic and since the troubles this has suffered considerably.

The loss of tourist traffic was to some extent made up for by military personnel movements. However, P & O lost this contract in 1979 when the army decided to fly troops to the province.

Rising fuel prices have also undermined the economics of the operation. It takes 10 hours to cross between Belfast and Liverpool compared with two hours between Larne and Stranraer. In spite of the longer crossing, P & O has never been able to charge the sort of prices it would have liked.

By comparison with the short Anglo-French sea routes, Irish fares look very cheap. For instance, the single passenger fare between Dover and Boulogne—a 1½ hour journey—is £10 compared with the £14 P & O charges on the Belfast route—a 10 hour journey.

In addition, P & O's competitors, Sealink and the Irish B & I Line, have been introducing new capacity on their Irish sea routes. The consequent overcapacity coupled with the growth of air travel and the depressed freight market had already thrown the viability of the route into serious doubt before the NUS action.

If P & O had wanted to continue with the service much longer it would have had to order a couple of new ferries to replace the existing vessels and at £15m apiece this sort of investment did not look justified. Instead the company appears to be concentrating its efforts on building up its freight operations between Fleetwood/Liverpool and Larne. It also runs a joint service with B + I Line, between Fleetwood and Dublin.

The effect of the closure will be felt most by tourist. There are still plenty of commercial freight services to Northern Ireland. In Scotland, Sealink operates five vessels from Stranraer on the short crossing to Larne and these carry the bulk of the UK-Ulster traffic. Townsend Thoresen also operates two ships out of Cairnryan to Larne.

Passengers wanting to travel by sea to Northern Ireland will now have to choose between going north to Stranraer and Cairnryan or using the services from the various Welsh ports, which are considerably closer to Ireland.

The crossing time between Holyhead and Dun Laoghaire, which is close to Dublin, is 3 hours and 30 minutes. Dublin is about a three hour drive from Belfast. Further south, Sealink operates between Fishguard and Rosslare—a 3 hour 40 minute crossing.

Civil servants to view joint action

BY PHILIP BASSETT, LABOUR STAFF

BRITAIN'S largest Civil Service union, the Civil and Public Services Association, is to ask its members whether they want to take industrial action organised centrally by the unions against an expected 6 per cent cash limit provision on pay increases for the service.

The consultation exercise, which will take the form of branch meetings and some secret ballots, is in addition to a special conference on pay which the union will hold at the end of this month. The consultations will be mounted after the conference.

Left-wingers in the union pressed strongly at last year's annual conference for a special meeting to be held on the union's continued participation in the Pay Research comparability exercise.

However, since the effective suspension of Pay Research by the Government, the special conference will also discuss the issue of this year's pay settlement and any industrial action.

The union's right-wingers were opposed to a special conference, and it was felt yesterday that the decision to stage the consultation exercise was a move designed to frustrate any unrepresentative militancy which might emerge from the special conference.

However, some senior officials of the Civil and Public Services Association believe that a decision in favour of action would strengthen the union's hand and help the union to convince the Government that it was in earnest.

CPSA members are unlikely to be questioned on a programme of action drawn up by the union, unlike delegates at a conference also this month of the second largest union, the Society of Civil and Public Servants. This union will be asked to back a 1? per cent pay claim and a programme of action to support it.

The Civil and Public Services Association will instead question its members on their readiness to support any campaign organised by the Council of Civil Service Unions. The CPSA response could be crucial to any CCSU campaign. The full council is to meet next week to discuss pay and the question of industrial action.

Lord Soames, Lord President of the Council, and Minister with day-to-day responsibility for the Civil Service, has told officials in an internal memorandum that attendance at CCSU pay protest meetings in November was higher than officially expected. Civil servants were told before the meetings that they would lose pay if they attended.

Printers study new disciplinary clause

BY JOHN LLOYD, LABOUR CORRESPONDENT

PRINT UNIONS are considering a new disciplinary clause aimed at reducing unofficial stoppages in national newspapers, which would be part of the 1981 wages deal for Fleet Street printers.

The clause—a milder version of a disciplinary measure proposed last year by the Newspaper Publishers' Association which represents most national newspapers—would probably be linked to an increase on the NPA's pay offer of 5 per cent. The unions have asked for a total rise of around 15 per cent, in line with inflation.

The redrafted measure proposes that where a union at a national newspaper engages in industrial action in breach of its agreement, all members of that union at the newspaper would be taken off the payroll.

If the dispute continues for three consecutive nights, members of other print unions would be put on the minimum NPA rate, losing extra benefits agreed at plant level.

The redrafted clause, which was sent at the end of last month to Mr. Bill Miles, national officer of the Society of Graphical and Allied Trades and leader of the union side, has been circulated to other print union leaders, who are now considering their reaction to it.

● The dispute between the Kentish Times and SOGAT has been settled pending its referral to an independent arbitrator to be agreed between the two sides next week.

Fourteen van drivers who refused to cross picket lines mounted by the National Union of Journalists had lost one night's pay. The money which would have been paid to the drivers—about £700—has been lodged with Mr. Len Murray, the TUC general secretary, to await the result of the arbitration.

Over the past six weeks, the Kentish Times has been printed abroad and distributed free. The dispute had affected the London circulation of the Financial Times, since it shares a common parent company, Pearson Longman, with the Westminster Press Group, to which the Kentish Times belongs.

SOGAT had sought to bring pressure on Westminster Press by refusing to distribute the Financial Times in London on selected nights.

Times sale verdict soon

BY OUR LABOUR CORRESPONDENT

A DECISION on which one of several bids for Times Newspapers has found favour with its parent company, International Thomson, is expected within the next two weeks.

It is believed that among the bidders which are being taken most seriously is Lonrho, the international trading group headed by Mr. "Tiny" Rowland.

S. G. Warburg, the merchant bank which is advising Thomson on the sale, will spend the coming week evaluating the bids. It will then pass on its advice on the leading bidder to Mr. Gordon Brunton, managing director of Thomson British Holdings and to Lord Thomson, chairman of International Thomson, for a decision.

Mr. Brunton has said that it would be "preferable" to sell The Times, the Sunday Times and the Times supplements as an entity, but that bids for individual titles would be "seriously examined."

Last month, Lonrho denied any serious interest in acquiring the group.

BSC plan backed

BY OUR LABOUR CORRESPONDENT

THE PRINCIPAL managers' union in the steel industry is to advise its 11,500 members to support the British Steel Corporation in the ballot it is conducting on its survival plan.

Mr. John Muir, general secretary of the Steel Industry Managers' Association which is now part of the Electrical and Plumbing Trades Union, said last night: "We are backing BSC's plan very strongly."

In the ballot being sent to the Corporation's 130,000 employees, Mr. Ian McGregor, BSC chairman, says that he must have the support of the workforce if he is to ask the Government for a further £750m.

The survival plan involves a cut of 20,000 in the workforce with a loss of only 600,000 tonnes of BSC's 15m tonne annual capacity.

Mr. Muir said that Mr. McGregor had made "a lot of very brave commercial decisions. He could have cut capacity down by millions of tonnes, but he has chosen not to."

The plan has also received the reluctant backing of the BSC craft unions and the 7,000-strong National Union of Blastfurnacemen. It is opposed by the largest union, the Iron and Steel Trades Confederation.

Train drivers threaten walkout over new rotas

BRITISH RAIL has warned 215 drivers in the south-east division of the Southern Region that they would be sent home without pay if they refused to work new rotas.

But the drivers at three depots said they would walk out if anyone was sent home. All Southern Region services could be threatened by the dispute when the new rota comes into operation on Monday.

BR has delayed its joint application with the unions for increased Government financial aid because of embarrassment over the likely unofficial action.

The dispute centres on plans to cut the off-peak fast hourly service from London to Hastings by Tonbridge to save an estimated £250,000.

British Rail says there will be no redundancies and most of the saving would be on fuel costs. It is the only change proposed by Southern Region in its programme of station closures and widespread cuts to be implemented before June 1.

The train drivers' union, ASLEF, has already threatened industrial action in protest at the planned cuts.

PROPERTY/ALTERNATIVE INVESTMENT

The Ham and High style

BY JUNE FIELD

IN THE rarified atmosphere of London's Hampstead and Highgate, it is always difficult to get estate agents to admit that business could be quiet.

Although they will admit that at the moment deals are taking just that much longer to clinch. "With so much on offer people are taking their time looking around," one agent said. But he insisted that "in such a desirable area, everything sells in the end."

Good-sized older homes still attract interest. "One of the main considerations of an older house is the size of its rooms," Mr. Ashley Rubin of Potters in Hampstead's Heath Street says. "Many people like high ceilings and an overall impression of space. And you get more space for your money in a 1930s house than a new one. A new property works out more expensive per square foot."

Sweeping carriageways, garages big enough to take a Rolls-Royce, sauna, swimming-pool and jacuzzi (hot whirlpool bath), and staff quarters are all features on the particulars of what are termed "London's most prestigious residences."

The large 1920s mock-Tudor houses on The Bishop's Avenue where there is not much change from £¾m or more, have a strong appeal for the Middle East market; and the story goes that when an Arab moves in, to secure his privacy he quietly buys up the houses not only on either side, but at the bottom of the garden stretching to the next road as well.

Period houses in Keats Grove are always in demand. Surrey Lodge, opposite Keats House, had only been on the market a week when five prospective buyers started outbidding each other, says Mr. Stuart Gold, director of Anscombe and Ringland, Wellington Road, St. John's Wood.

Cottage-style properties in the heart of Hampstead village always appeal, although some of the price tags are what they term in the business "rather full." A two-bedroom modernised cottage in Perrins Lane has an asking figure of £69,500 on it, but one in New End, on three floors, has been reduced to £59,950 from £70,000 (Potters). While in Flask Walk, a four-bedroom period house could cost around £115,000.

Netley Cottage, in a country garden setting in Lower Terrace, Hampstead Village, was built about 1760 and extended over the years to a four-bedroom, two-bathroom house. Stuart Gold, Anscombe & Ringland, 8 Wellington Road, St. John's Wood, London NW8 (01-586 3111) was seeking offers in the region of £350,000.

Cowbells and ski slopes

IN THE early mornings I was woken by the clanging of cow bells as the herd spent its last day on the mountains before going to winter pasture in the valley.

At Thyon 2000, ski-complex, 2,000 metres (over 6,000ft) above sea level in the Swiss Valais, 24km from Syon and about a two and a half hour drive from Geneva airport, the season has started, but cold weather plans for the animals were under way a couple of months ago when I was there.

Switzerland is a prosperous and stable country with a low rate of inflation (between 3 and 5 per cent), and an equally low interest rate for mortgages—4 to 6 per cent.

But what are the snags of the Swiss dream? The main one is that any investment must be considered long-term. Since 1961 the *lex Furgler*, named after the Swiss Minister of Justice and Police, Dr. Kurt Furgler, limits developers to selling only to a proportion of foreigners, and then only in certain tourist cantons. Also a property cannot be resold within five years, and then, unless there are exceptional personal circumstances (i.e. a husband or wife dying, and the remaining partner needing to repatriate their cash), only to a Swiss resident.

Also you are expected to occupy a property for at least three weeks a year. This is not a mandatory requirement, but a simple "*declaration sur l'honneur*." The idea is that it prevents long-term rental contracts, i.e. of one year.

For those who feel, quite rightly, that buying property in Switzerland represents a good hedge against inflation, and a safe, secure and sound investment in a prosperous country, then there are several experienced agents who will guide you through the legal aspects.

Small apartments vary from about £25,000 at Thyon 2000, to £50,000 upwards in Crans Montana and Haute Nendaz, both of which have a reasonably thriving resort life throughout the year, particularly necessary for those who don't ski.

From time to time large chalets, more in demand by Swiss families than small apartments, and so easier to resell, can be bought by foreigners, and M. Jacques Vittel showed me some he was building in Verbier.

Property details: M. Philippe Longchambon, Thyon 2000, Valais Swisse, Switzerland, or Mr. Ian Cullerne-Bown, Villas Abroad, 322 Croydon Road, Beckenham, Kent (01-658 3330), who will arrange a seven-day inspection trip, either to Thyon or other mountain locations: Count Hugh de Meyer, Montpelier International Properties, 17 Montpelier Street, London SW7 (01-589 3400), handles a half dozen resorts in the Valais and Vaud cantons, and produces what is probably the most detailed booklet on Swiss real estate for foreigners, free to serious inquirers.

Apartments being built by Jacques Vittel in Verbier in the Swiss Valais, where there is an allocation available for foreigners to buy. Details, Count Hugh de Meyer, Montpelier International Property, 17, Montpelier Street, London SW7 (01-589 3400).
(Photograph Trevor Humphries)

The world of Mr. Puttick and his magic carpets

BY VALERIE MOLIN

"IT'S A WIDE open and rapidly growing market for investors," says Mr. Jack Franses of Sotheby's. "Some of our investors have made as much as 45 per cent in only 16 months," boasts Mr. Malcolm Puttick, a dealer.

Such statements may be rare in today's financial markets, but they are certainly true when describing Oriental and Persian rugs.

Mr. Puttick, who owns Heraz, a shop in Chalfont St. Peter, offers an investment scheme under which he will repurchase rugs from investors after one year at a 15 per cent premium. Investors can leave the carpet with him during the period, and as a result some have realised considerably more than 15 per cent.

This ex-patriate New Zealander does not set a minimum for his investment scheme.

But most of his clients have invested about £5,000. Mr. Puttick acknowledges that it takes a long time to gain the confidence of investors "because they are afraid of being taken advantage of and I can appreciate their feelings because today many rugs are being sold by dealers at much more than they are worth."

That is why both men urge potential investors to get expert advice and to go for top quality.

How do you recognise quality? The basic things to consider are colour, design and material. Mr. Franses advises: "A good rug looks symmetrical. The colours should be in balance with the design, and the material—wool or silk—should be of good quality." As for colour, Mr. Puttick says that in rare quality pieces the colouring is always achieved through vegetable rather than chemical dyes.

He offers his clients only what he calls "investment worthy" pieces, that is carpets whose inherent qualities will always be sought after by collectors.

During 1978 and 1979 he was recommending 19th Century Caucasian rugs. Before 1975 there was not much of a price difference between average and exceptional rugs of this type, but then as the limited supply of the rugs became known, exceptional pieces rose by up to 80 per cent and Mr. Puttick's clients reaped some quite substantial rewards.

Now, however, he considers *this type of rug to be more of a* gilt-edged, long-term investment and does not recommend it for his investment scheme.

What kind of rugs should bring good returns in the short term? For the small investor with up to £500 to spend Mr. Puttick is recommending pre-1860 European and Islamic fragments and textiles. It may take two years to see the best return on these but he does not rule out the possibility of huge gains.

On the whole, lower priced items have tended to appreciate more than the higher priced. But there are still substantial gains to be made for the investor who has around £2,000 to spend on a single carpet. In this category Mr. Puttick recommends a very fine Hamadan (a type of Persian rug named after an area which is considered to be the most important centre of carpet production in Iran). He forecasts that a Hamadan of exceptional colouring and more than 60 years old could increase at least 20 per cent in value during the coming year.

Mr. Franses feels there are good investment opportunities in all areas. When potential investors approach him, Mr. Franses usually gives them a catalogue and tells them to pick out several rugs they like. He recommends that people buy on a half investment/half personal choice basis. "That way you get the best of both world," he adds.

For those who can invest £20,000, which Mr. Franses considers the minimum for a collection, he suggests buying five top quality rugs.

"In five years you could double your investment," he predicts. Mr. Franses also suggests holding on to a rug for at least three years to see a substantial gain, in contrast to Mr. Puttick, who only offers a one-year investment scheme "because it is too difficult to predict the market over a longer period." For the large investor, both men agree that he should spread out his investment in several rugs and not put all his eggs in one basket.

While recommending several areas to invest in, Mr. Puttick is also very quick to name others to avoid. For example, he feels Pakistani Bokhara carpets will never appreciate and can only be considered as decorative. Pakistan is today producing very good quality copies of Persian rugs with the only real difference being the wool used.

Mr. Puttick also advises against buying any rug that has gone through a process called antique washing.

Most modern rugs have undergone this process which is used to give rugs old hues. Although it makes the rug more attractive, the process also damages the fibre and decreases the life of the rug.

One factor that has undoubtedly influenced the carpet market is the Iranian Revolution. During 1978 world demand for Persian rugs was strong, but the events of early 1979 left the Teheran weavers and their industry in a state of confusion and led to rather chaotic conditions in the rug market.

Now, as a result of economic sanctions, few rugs are finding their way out of Iran. That should not cause problems for a while because there are sizeable stocks in warehouses throughout Europe and the U.S. which were built up immediately following the revolution.

But Mr. Franses warns collectors that the crunch could come soon because inventories are dwindling. He does not really expect the Persian carpet trade to get back to normal until the embargo is lifted. When that will be is becoming increasingly difficult to predict.

CLASSIFIED ADVERTISEMENT RATES

	per line £	single column cm. £
Commercial and Industrial Property, Businesses for Sale/Wanted	7.50	22.50
Residential Property	5.50	16.00
Appointments	7.50	22.50
Business and Investment Opportunities	8.00	25.00
Personal	5.50	16.00
Motor Cars	5.50	16.00
Hotels and Travel	5.50	16.00
Contracts and Tenders	7.50	22.50
Book Publishers	—	net 9.50

Premium positions available
(Minimum size 30 column cms.)
£3.00 per single column cm. extra
For further details write to:
Classified Advertisement Manager
Financial Times, 10, Cannon Street, EC4P 4BY

هكذا من الأصل

YOUR SAVINGS AND INVESTMENTS 1

The first of three pages of crystal-gazing by Financial Times writers on the markets

Hedging bets

EQUITIES

RAY MAUGHAN

VIEWED FROM the factory floor or the company boardroom, the stock market's strong performance in 1980 was quite inexplicable. As profits and employment slumped precipitately, the FT—Actuaries All-Share Index soared to a new peak in November and was only partly unsettled by the subsequent mini-Budget and the City's criticism of the Government's medium-term economic strategy.

But as Mr. Keith Percy of Phillips and Drew puts it, "the market in 1980 was about interest rates not profits."

The expectation of further cuts in Minimum Lending Rate over the next few months remains one of the chief planks for share price strength or at least stability, in the New Year.

Inflation is now universally expected to fall to an annual rate of about 10 per cent by the middle of the year and gilt-edged securities are widely tipped to show useful strength. The City is predicting a fall of perhaps one point in long gilt yields over the next six months which would bring the yield gap to the low point of its range of around 6—8 percentage points.

Few pundits claim to foresee the likely course of inflation and interest rates beyond the middle of the year. Mr. Michael Prag of Simon and Coates is prepared to believe that inflation will continue to fall but others, such as Mr. Percy, hedge their bets waiting for further evidence that the Government strategy can work.

Short-term hopes for dividend growth are guarded rather than optimistic. Distribution increases by industrial companies will be strictly rationed, although many brokers feel that payments will be maintained in all but the most dire circumstances. But, as Mr. Percy points out, "the dividends of industrial and commercial companies account for only 60 per cent of total dividend payments."

The firm believes, like many others, that the income available from the financial and oil sectors will grow by at least a tenth and perhaps by as much as 15 per cent this year. In that case, P and D argues, overall dividend growth will be of the order of 6 per cent.

Wood Mackenzie is going for a year-on-year rate of dividend increase of 7 per cent by March, 1981, rising gently to an annual improvement of 10 per cent by the end of the year.

It may be worth noting that manufacturing industry, with one or two exceptions, was noticeable by its absence from the rights issue market, throughout 1980.

Company earnings fell by 15 per cent during 1980, according to Wood Mackenzie's Mr. Bill Bain and Phillips and Drew says that second half profits probably fell by 25-30 per cent against the comparable period of 1979.

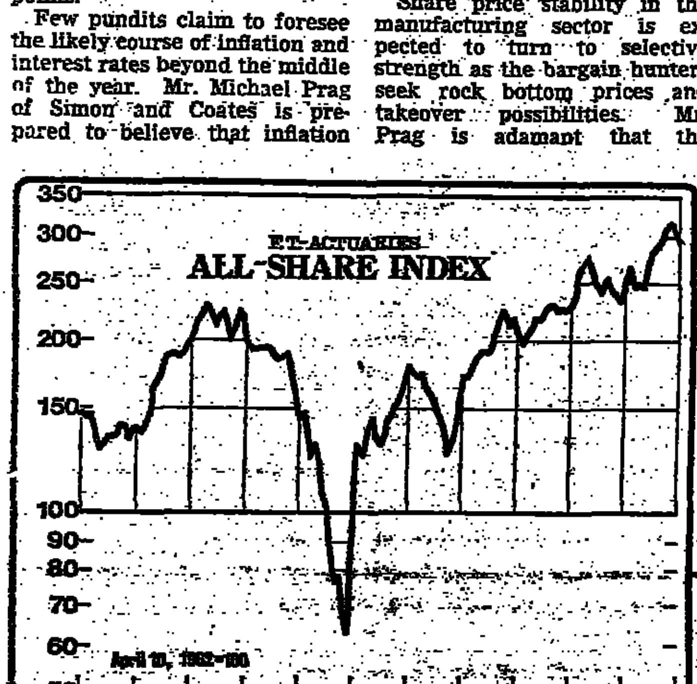
The fall is expected to continue until the constraints against earnings growth—high interest rates, and sterling subsubsistence order books and hefty redundancy bills—start to disappear.

Share price stability in the manufacturing sector is expected to turn to selective strength as the bargain hunters seek rock bottom prices and takeover possibilities. Mr. Prag is adamant that the leaders of 1980, oils, electricals and life assurance, for example, are now "last year's party."

He feels that relatively neutral sectors such as banks and stores groups will come into more prominence and is looking for "fantastic recoveries" in manufacturing industry profits in 1982.

A pronounced upturn in corporate fortunes assumes that business cycle can still perform in a predictable manner and carry the level of demand and output upwards in traditional fashion.

Others are less sure. Mr. Keith Percy, for example, cannot say for certain that the graph of equity prices through 1981 will show a V-shaped pattern on an inverted V. The outlook for the equity market may have been more cloudy at the beginning of earlier years but it is hard to remember when.



Alphabetical prophecies about the ups and downs of the roller coaster

THE ECONOMY

PETER RIDDELL

THE CENTRAL economic question for 1981 is when the recession will bottom out and how strong any subsequent recovery will be. The pundits and the politicians disagree sharply. Yet on this question hang the prospects for interest rates, company profits, dividends and inflation.

The optimistic view has come, not surprisingly, from the Government. In his New Year message in the Financial Times last Wednesday, Sir Geoffrey Howe, the Chancellor, said "We may now be drawing close to the low point of the recession." He believed 1981 "should see British industry more than holding its own in a difficult world."

Others are less confident. The recent Bank of England quarterly bulletin questioned whether the turning point might come after the spring rather than before and the Paris-based Organisation for Economic Co-operation and Development has forecast a continuing decline throughout 1981.

Similarly, the all-party Treasury and Civil Service Committee of the Commons has recently argued that "the evidence available provides a precarious foundation on which to base expectations of an early recovery in the economy."

The omens are certainly not encouraging. There is no dispute that the recession has so far proved to be much deeper than was expected at the beginning of 1980.

The main pressures have so far been felt by the company sector, and particularly those parts of industry most exposed to international competition and the problems posed by the strong pound.

The main way in which the squeeze has worked has been through reduced profit margins as companies have tried both to retain market share in highly competitive conditions and to reduce excessive levels of stocks.

The personal sector (that is you and me) has not done too badly so far. Real incomes have remained fairly buoyant, partly because of the strength of sterling, and consumer demand has held up.

This is, of course, an overall picture and the unemployed—now 9.3 per cent of the workforce including school leavers—and those on short-time working and with reduced overtime are now beginning to suffer a significant loss of income.

The present position cannot continue indefinitely. There is always a tendency at this stage in a recession to think that an upturn will never come—rather like the downward ride of a roller-coaster. There are tentative signs, for example, in the latest Confederation of British Industry trends inquiry, that the rate of decline of output may be slowing down. But the rundown of stocks is continuing, as shown by the extent of price cutting in the post-Christmas sales.

Output will probably stop falling some time within the next few months. Exactly when will probably not be clear until some time after the event. It all depends on when and how the destocking ends.

The big uncertainty is what happens then. The alphabet is being strained to illustrate the possibilities. The optimists believe that there could be a V-shaped recovery — a sharp rebound in output as companies build up their stocks and respond to a slowdown in the inflation rate. The pessimists, however, fear an L-shaped pattern in which output runs along at a very low level. In between are those who expect a W-pattern, as in the U.S. at present, in which an initial sharp recovery after destocking soon peters out.

The unfavourable influences are clear enough. The squeeze on profits and liquidity is likely to lead to a fall in fixed investment and the large decline in the competitive position of British goods in recent years is expected to depress exports.

The pessimists therefore wonder where the impetus for any sustained recovery in the economy will come from, with the exception of a temporary recovery in stocks, especially as the Government is trying to hold down public spending.

The big difference compared with previous economic cycles is the exceptional strength of the pound. This will limit any recovery in profits (and hence in dividends) which anyway may not come until 1982. The favourable impact of the strong pound on the inflation rate may, however, sustain real incomes at a higher level than in previous recessions, though there may be a slight fall in average living standards this year.

A lot will depend on how consumers respond to the expected slowdown in inflation—from a 12-month rate of increase of retail prices of 15.3 per cent last November to probably around 10 per cent by next summer, after a peak of 21.9 per cent last May.

If savings are reduced from present high levels, consumer spending may be boosted, giving a push to recovery. There are, however, fears that the inflation rate could reach a low point of between 9 and 11 per cent next autumn and could then rise as companies seek to boost profit margins.

All these questions have important financial implications. Until recently the rate of monetary growth has been inflated by the combination of high public sector borrowing and distress borrowing from the banks by industry.

But the November money figures suggested that the private sector's demand for credit has now flattened out as companies have succeeded in reducing at least part of the recent excess stock levels.

This trend and the Government's intention to contain public sector borrowing explain why the Chancellor hopes it "will be possible to achieve some further lowering of interest rates."

Such hopes have appeared and been dashed before. But the monetary pressures could lead to a reduction given the depth and possible length of the recession.

The level of interest rates is also of crucial importance for sterling. Almost everyone has been confounded by the strength of the pound in 1980—up 12 per cent against an average of other currencies in the last 12 months.

The explanations include rising oil prices, the UK's possession of North Sea oil, a large current account surplus, relatively high nominal interest rates in the UK compared with overseas, and, most mysterious of all, the "Thatcher factor" associated with international confidence in the present administration.

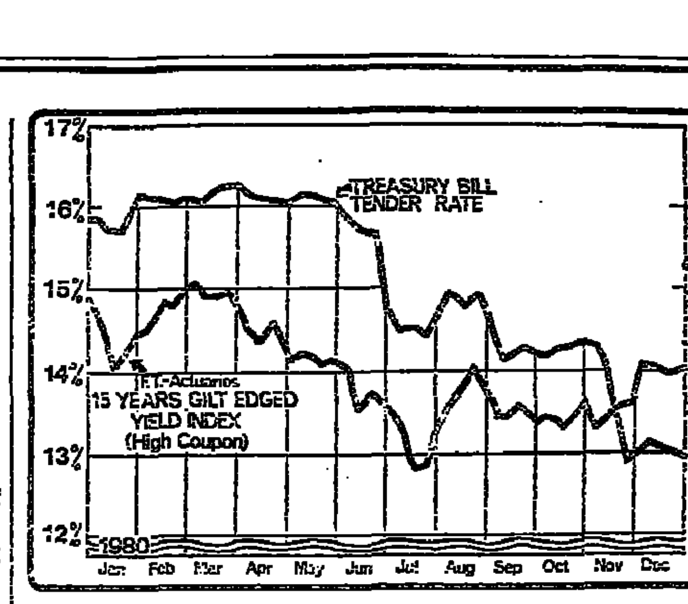
From this mixture it is difficult to discern any clear trend for 1981. Most forecasters do not expect a significant further appreciation, but any depreciation looks unlikely to be large enough to remove much of the pressure felt by producers and the gains enjoyed by consumers.

THE OUTLOOK FOR 1981

A COMPARISON OF FORECASTS

(% change compared with previous year)

	Treasury	OECD	National Institute
Consumer spending	−½	−½	−¼
Exports	−3	−3	−2
Imports	0	−1½	−1¾
Gross Domestic Produce	−1½	−2	−½
Current account, £bn	+2	+1.9	+2.4



Still looking promising

GILTS

ERIC SHORT

THE YEAR just ended has been characterised by high interest rates, high but falling levels of inflation and continued heavy borrowing by the Government. The public sector borrowing requirement is officially estimated to reach £11.5bn in 1980-81.

In these circumstances, gilts have been a good buy for investors, particularly institutions.

The yield patterns over 1980 have been anything but normal. The record level of MLR and Government funding have produced a yield curve that has shown the highest yields over 15 years, but with high yields also at the short and the long ends of the scale.

For individual investors, annuity rates have remained constantly high over the year, while guaranteed income bonds have offered yields slightly in excess of those provided by comparable building society investment.

The picture for 1981 looks reasonably promising. The rate of inflation is expected by City analysts to continue going down from an average of 12 per cent in the first quarter to under 10 per cent at the end of the year. MLR is anticipated to be progressively lower during the year: one firm is looking for an average 13 per cent in the first quarter falling to 10½ per cent at the year end.

Government funding requirements should be met more by tapping the savings of the public, with National Savings schemes expected to bring in £3bn in 1981/82.

In theory this should ease the pressure on gilt sales compared with the current financial year.

There are, however, other important factors affecting gilt sales. A number of stocks are due for redemption in 1981-82 and these will have to be refunded. Moreover, many commentators are sceptical about the Government's capability of raising £3bn in National Savings.

Nevertheless, many anticipate that the yield curve will return to a more recognisable pattern taking a gentle upwards sloping form from around 11 per cent for shorts to 12 per cent at the long end. Measured against price inflation, gilts should offer a small real return to investors during 1981.

In the past few years, the institutions, with strong positive cash flows have been avid buyers of gilts. Last year was no exception, though institutions were cautiously increasing their investment in other fields, particularly overseas equities.

In 1981, this could change, especially for pension funds. The flow of money awaiting investment could well slow down as companies cut back on their payments into the company pension scheme.

Light in the East

INTERNATIONAL MARKETS

IAN RODGER

THE MAIN recommendation from many brokers for international investment this year is, Go East.

As last month's OECD forecasts showed, the economic outlook in European and North American countries is dull and analysts have no great expectations for stock markets in these countries.

Japan and Australia, on the other hand, are likely to enjoy healthy growth this year. Analysts continue to favour investments in these countries although some suggest a shift from the Australian energy-related stocks and traditional Japanese blue chips to other issues better positioned to benefit from the anticipated buoyant conditions in both countries.

Considerable enthusiasm is also being shown for the often bracing stock markets of Hong Kong and Singapore.

Although the U.S. is expected to be in recession, its large stock markets will undoubtedly still attract a large portion of funds earmarked for international investment. Brokers Carr Sebag would put a quarter of the cash flow of a totally international portfolio into the U.S. this year.

Mr. Peter Scott, economic partner, emphasised, however, that he would look mainly for "selected opportunities in technology stocks not available elsewhere."

Mr. Michael Birks, economist at Montagu Loebl Stanley, argued specifically against seeking U.S. and Canadian oil exploration equities.

"If you are going for a resource oil base, there is not much of a case for going outside the UK. The information flow in secondary oils tends to be imperfect, so the nearer you are to them the better."

Analysts also see little to go for in Germany or France. Brokers James Capel expect the FAZ Index in Frankfurt to drop again this year, perhaps to the 200 level from the current 222. They foresee dreary results from the motor, engineering and construction sectors in particular.

In France, corporate profits are coming under pressure and Capel believes restraint policies will be maintained by the new administration following presidential elections in the spring.

By contrast, most commentators are very enthusiastic about the outlook for the Japanese market. Carr Sebag, for example, would put another quarter of the funds of its all-international portfolio there. Rowe and Pitman anticipates a gradual easing of money supply and wage restraint, making way for a four per cent growth in real GNP. The firm would stick with the high technology and light electrical blue chips.

Rosy prospects?

NEW YORK

DAVID LASCELLES

JUDGING by the sounds of revelry that echoed round Wall Street this week, and the huge year-end bonuses stockbrokers paid their employees, 1980 will go down as a good year—at least for stockbrokers.

Volume smashed all previous records, and more than half a dozen major stock indices hit new highs. With 1981 holding out the prospect of a new Republican Administration determined to get the U.S. economy back on its feet, the future looks quite rosy too. Talk of the Dow Jones doubling to 2,000 in the years ahead is quite common.

So, have equities finally come back into fashion after years in the doldrums?

A lot of brokers think (or more accurately, hope) they have. Although share prices bobbed up and down last year like corks in a storm-tossed sea, there were tremendous opportunities for capital gains, even if yields on bonds were a lot higher. (The competition from the bond market was blunted by the huge capital losses investors were suffering there.) The Dow Jones Industrial Average rose by a third between March and November as the economy improved, and some high-flying shares notched up gains of 250 per cent (among them the shares of brokerage houses, which shows where all the profits are going). For the first time in nine years, common stock mutual funds also had more sales than redemptions.

The big gainers were oils which benefited from the double boost of OPEC price rises and the Carter Administration's policy of decontrolling domestic oil prices.

Best buys were stocks with strong North American orientation, reflecting investors' growing uncertainty about the value of owning oil abroad. Canny investors were after the stocks of small explorers with some juicy acreage in Texas and the mid-West.

Defence stocks also enjoyed a brief spell of hopes that President-elect Ronald Reagan will take a hawkish stance. But the lead time on defence contracts is very long, and some investors felt it was not worth the wait.

The more unlikely glamour stocks included the railroads, partly because many of them own oil land, partly because the recent shakeout in the industry has produced some healthy companies with good prospects in coal and grain haulage. Along with the improved outlook for airlines, they helped push the Dow Jones Transportation Index to a new high.

This was also the year of the high technology stocks. Genentech, the genetic engineering concern, hit the market with a bang in November, and its shares soared from an issue price of 35 to 80 in a single day. They are back down to 40 now, and could slip below 35 this year because there is no dividend and big profits are a long way down the road.

But underlying Wall Street's rose-tinged optimism one also senses a certain unease about the New Year. For all its drama, 1980 casts a nasty shadow over 1981 interest rates. Twice last year rates hit new records, and each time the market was clobbered — in February, and again in December. The Prime Rate is still over 20 per cent, and there are plenty of gloomy predictions that it will be sticky on the downward side because government and business loan demand will be high. Inflation could also be stubborn.

Mr. Reagan will come to the White House in 17 days' time full of good intentions to cut federal spending and reduce tax. But it will be miraculous if he can shave more than a few billion dollars off the 1981 Budget. So realists are not looking for any big improvement until 1982. Some even view as a danger sign the quagmire into which Mrs. Thatcher seems to have got herself after such a promising start.

Given the uncertainty, analysts are being cautious about their profit forecasts. The oils undoubtedly will make money, but there will not be the same spectacular year-on-year gains. The oil service industry is also promising. Carmakers and all who depend on them could do a bit better than last year, especially if interest rates come down. But what if Chrysler collapses? Electronics are running into a component glut which is shaving margins. The financial sector is at the mercy of interest rates; so is the housebuilding industry.

In this climate, the stock market could have trouble staging a big advance. On the other hand, investors who take the long view may start discounting the success of the new Administration's economic policies, and this could get it moving again, especially if Mr. Reagan gives things a kick by speeding up the decontrol of energy prices. That would be inflationary, but it would put the oils back in the driving seat.

MONDAY	960.58	−5.80
TUESDAY	962.03	+1.45
WEDNESDAY	963.99	+1.96
THURSDAY (Market closed)		

Now let's take it from the top

MINING

KENNETH MARSTON

YOU MAY have read in this space last Saturday a report on the latest proceedings of a certain dinner party which is held from time to time. The assembled company is composed of five friends from different walks of life who have one thing in common — apart from good fellowship — and that is a fascination with the mining share market.

The market has served them well in the past and will certainly do so in the future. But just at the moment with a world recession very much with us they are inclined to be very cautious about near term investment prospects. They do not believe in "tips for the year" because investment timing obviously does not work this way.

At the moment they take the view that holders of shares of those well managed companies with good financial backing should do no more than wait for the eventual better times. But they feel that the price of gold may now have bottomed and that a recovery is in prospect for 1981 which could keep the gold share market cheerful, although they do not anticipate any dramatic movements.

I gather that there is some argument as to whether these people really exist, or not. I am not prepared to answer this—even journalists are allowed a secret—but this week I am going to give you the views on the mining outlook for this year and beyond from men about whose existence there is no doubt at all: the leading spokesmen for the world mining industry.

We will start with **Mr. Neil Clarke**, the chief executive of **Charter Consolidated**, the UK mining and industrial group. He writes:

"There are many hazards for those attempting predictions for the mining and minerals industries. World economic activity, heavily influenced by events in the Middle East, determines the course of precious and base metal prices, underlining the difficulty of making reliable short-term forecasts.

"There is no doubt, of course, as to the world's long-term requirements for metals and minerals of almost every kind—with coal deserving special mention at this time as well as the specialist or high technology minerals, tantalum, columbium, molybdenum, tungsten, which are more and more in demand.

"There is no shortage of the the technical skills or finances required to develop them, provided the interests of the various parties involved can be reconciled in a way which gives proper reward for all concerned.

"In looking to the undoubted opportunities of the 1980s it is significant that there seems today to be a better understanding by host countries of the benefits of encouraging the international mining industry to develop new projects. This is a very important development for the years to come."

Next we come to **Lord Erroll of Hale**, chairman of **Consolidated Gold Fields** who takes a cautious view that is tinged with some optimism.

He says: "The major industrialised economies are still struggling to overcome the distortions introduced by years of rampant inflation and huge increases in the real price of oil. Another 12 months of difficult business conditions for suppliers of industrial raw materials appear to be in store.

However, I am optimistic that the fundamentals will now start to improve. Both at home and abroad there seems to be a better political perception of the problems and greater willingness to make short-term sacrifices to reach our goals.

"In particular, there is much more awareness of the importance of sound money, and the contribution that gold can make toward attaining it. Valued at the current market price, gold reserves now comprise around 60 per centof all international monetary reserves.

"We must hope that monetary authorities will not allow dogma to inhibit them much longer from formally re-incorporating the metal into the international monetary system at a realistic price."

Mr. Alistair Frame, chief executive and joint deputy chairman of **Rio Tinto-Zinc Corporation** also views the 1981 outlook for base metal prices with some caution. He says: "Uncertainties about oil prices, currency levels, Afghanistan, Iran, Iraq and Poland are considerable obstacles to confident predictions of future metal prices.

"There is also the new factor of U.S. interest rates. Their wide fluctuations and high levels last spring, and again today, have made investment in metals comparatively less attractive than, for example, in Euro-

"This has kept metal prices slightly lower than expected, and will have the same effect in 1981 unless and until U.S. interest rates fall from their present levels.

"With the general economic outlook weaker than it looked even in the autumn, most metal prices will continue weak until at least the second half of 1981. Although there is always the chance of wide fluctuations around the mean, average prices for 1981 are likely to be no higher than in 1980."

Now we leave the UK-based companies and move to the U.S. for the views of **Mr. Pierre Gousseland**, chairman of the big **Amax** diversified natural resources group.

He points out that: "The current uncertain economic situation in the United States has been severely impacted by recent high interest and inflation rates. These depress the automobile and housing industries as well as consumer spending on durable goods.

"The only possible redeeming factor on the horizon is that capital spending appears to be holding up. U.S. Commerce Department figures, based on soundings of businessmen taken in October and November, indicate planned capital spending will increase 2.5 per cent in the first half of 1981 from the second half of 1980.

"However, if high interest rates and unremitting inflation persist, these conditions inevitably will impact business investment and could revert the present slow economic recovery to recession.

"The primary responsibility of the new administration will be to mount a drive that can ease interest rates and inflation. If this is successful, a modest upturn may begin in spring 1981 following a decline in the early months of the year.

"However, the process will not be an easy one and, inevitably, will require a considerable period of time. The electorate as well as the business community will need patience and understanding.

"Similar high inflation and interest rates exist in most other industrialized economies. As in the United States, other governments are attacking these problems with tight fiscal and monetary policies. Barring external shocks, such as disruption of oil supplies or new political upheavals, world industrial economies hopefully should recover by mid-to-late 1981 but the upturn may be a modest one.

"The uncertain economic outlook makes it difficult to forecast 1981 as a prosperous year for the metals and mining industry even though the second half of the year may show significant improvement over the first half.

"One obvious immediate effect of high interest rates is a deterioration of metal prices. Another is the increased cost of carrying inventories. However, the long-range impact of high interest rates and escalating costs is that they severely limit addition of the new capacity needed to meet future demand.

"The effects of current high interest rates and inflation will inevitably be felt long after economic conditions improve and will probably contribute to future mineral and metal shortages."

Moving on to South Africa we find a more optimistic tenor developing, which is not surprising in view of the country's booming economy. The vigorous **General Mining Union Corporation** mining and industrial group should thus be set for another good year.

Its chairman, **Dr. W. J. de Villiers**, comments: "It is unlikely that 1981 will be a year of such spectacular profit growth for the precious metals industries as was 1980. Nevertheless there is a growing confidence that investment demand will sustain the price of gold.

"Within the gold mining sector we expect to see a continuing build up of capital expenditure on new mines and on extensions to existing operations. The development of our energy resources—coal and uranium—will also surge ahead.

"Because of its relative abundance around the world, South Africa's coal has not received the investment attention of gold but its role in the country over the coming decades as an energy source, a feedstock and a source of foreign exchange can hardly be overstated."

Finally, strong confidence in the longer term is expressed by **Mr. R. S. Lawrence**, president of the **Chamber of Mines of South Africa**.

He says: "The substantial expansionary phase which the South African mining industry embarked on during the 1970s will almost certainly extend into the 1980s and possibly outstrip everything that has gone before — the Kimberley diamond fields of 1867, the Witwatersrand goldfield of 1886, and the largely post-war developments of the Far West Rand, Klerksdorp, Evander and the Orange Free State goldfields.

"This further surge in mining activity will be based not only on gold but also on coal, chrome, iron ore, uranium, manganese, lead, copper and many other minerals.

"Already the value of new mining ventures announced over the past year and scheduled for completion between now and 1985 stands at well over R6bn (£3.4bn) at current prices, and it may well be that total expenditure over the next five years could top R12bn. Capital spending in 1981 alone could amount to as much as R3bn.

"On the other hand the remarkable acceleration of South Africa's mineral earnings over the past three years can be expected to level off during 1981 and possibly 1982.

Tim Dickson plots a way through the guessing game

Forecasting MLR—the key to your success

SAVERS may well remember 1980 with more affection than most people. Against a background of high nominal interest rates and falling inflation, competition in the market place has seldom been hotter. Banks hit back at building societies with a variety of imaginative and not-so-imaginative schemes: the Government burst onto the scene with some juicy offers from National Savings: and one or two building societies despite the disapproving nods of most of their rivals felt compelled to respond with their own answer to the new index-linked "granny bonds."

Predicting what returns will be available over the coming year essentially means forecasting future levels of inflation and Minimum Lending Rate (MLR)—a risky business. Few at the end of 1979 would have dreamt that MLR would remain stubbornly tethered throughout much of the year at a record high rate and few, even in the post-alcoholic depression of New Year's Day, expect anything but significantly lower interest rates and inflation in the coming 12 months. And yet hazardous as the guessing game may be, there are still a number of general developments which seem likely to occur.

The Government, for instance, is committed to finding £2bn from the personal sector this financial year, and a further £3bn in 1981-82. Already the maximum individual holding on the 19th issue National Savings certificates—they return 10.33 per cent tax free if kept for five years—has been raised from £1,500 to £5,000 and the maximum deposit in the National Savings Bank Investment account has been lifted from £50,000 to £200,000. All this, of course, is besides the introduction of a 2nd Index-Linked issue for those aged 60 and over. Up the Treasury's sleeve is an increase in the maximum monthly contribution to Save As You Earn (3rd issue), which is now expected to take effect at the beginning of March. SAYE (3rd issue) is a must for all men and women aged 16 or over who wish a portion of their savings to be guaranteed against inflation. In addition the Government *will almost certainly* reduce the minimum age limit of the 2nd Index Linked issue of savings certificates to 55, and quite possibly lower.

Banks will no doubt continue to offer attractive rates for short term deposits and regular savings schemes. Freed from the constraints of the corset, they are concerned that any erosion of their personal deposit base could threaten their longer term ability to lend. Much of the impetus in the savings market in 1980, however, came from the *American banks, particularly* Citibank, which are anxious to get a foothold in the personal lending market. Falling interest rates in 1975 put paid to the high street money shops of the early 1970s but it would be unwise to suggest that their heirs will go the same way this time. They obviously feel that they have identified a real need.

Building societies may well be feeling more apprehensive *than most.* With interest rates still high and the fear of redundancy postponing many house purchases and therefore softening demand for mortgages, the societies are just about coping at the moment. The National Savings movement, however, is not planning to leave them alone and the net inflow of funds in the next few months is likely to be erratic Societies ideally would like to offer savers more at the moment and if MLR comes down say three points over the year, borrowers should expect no more than a two point fall in the mortgage rate.

The accompanying table gives the up to date position in the savings market. The one to three year local authority rates come from Hackney, the four year *rate from Calderdale and the* five-seven year rates from Knowsley.

Remember that the building society rates are only those recommended by the Building Societies Association. There are at least 57—generally better—other varieties.

Also be careful with the attractive 15 per cent return on its investment account currently being trumpeted by the National Savings Bank. Although the advertisements do not say so this is a variable rate and an announcement that it is coming down could come at any moment — usually a couple of months warning is given. Moreover, interest is not paid until the first day of the month following the deposit and interest ceases from the first of the month in which it is withdrawn. The smart money will wait until the end of January.

VARIABLE RATES

BUILDING SOCIETIES	TAX RATES %			
	Nil	30	45	75
Ordinary Shares	9.25	9.25	7.27	3.3
1 Year*	9.75	9.75	7.66	3.48
2 Years*	10.25	10.25	8.05	3.66
3 Years*	10.75	10.75	8.45	3.84
4 Years*	11.25	11.25	8.84	4.02
BANKS				
7-Day Deposits	11.5	8.05	6.33	2.88
7-Day dollar deposits (£1,000 sterling equivalent)	18	12.6	9.9	4.5
NATIONAL SAVINGS				
Investment Account	15	10.05	8.25	3.75
FIXED RATES				
GILTS (redemption yields)				
Treasury 8¾% 1982	12.955	10.362	9.066	6.475
Exchequer 3% 1983 'A'	11.052	9.909	9.340	8.206
LOCAL AUTHORITIES				
Yearling bonds	14	9.8	7.7	3.5
1 Year	13.5†	9.45	7.43	3.38
2-3 Years	13.25†	9.28	7.29	3.31
4 Years	13.25†	9.28	7.29	3.31
5-7 Years	13.5‡	9.45	7.43	3.38
NATIONAL SAVINGS				
19th issue (5 years)	10.33	10.33	10.33	10.33
2nd index-linked issue	11.0**	11.0**	11.0**	11.0**
INCOME BONDS (4 years)	12.1	12.1	††	††

* BSA recommendations.
† Minimum £500.
‡ Minimem £1,000.
**Official inflation forecast for next 12 months.
††Depends on individual.

New Year resolutions for savers

1—Pay a DISCRIMINATING visit to the New Year Sales—but read on first.

2—Review your financial position—are you earning more? Paying more tax? Should you and your spouse be separately taxed? Do you still need the same balance between income/capital growth? Will you need your investment capital in a hurry?

3—DO NOT keep large balances which you don't need in a bank current account.

4—DO NOT invest in a building society if you don't pay tax.

5—If you're generous, take advantage *of Capital Transfer* Tax exemptions between now and April 5. If you're grasping, remind somebody else to do so.

6—If you own shares or unit trusts, don't forget that £3,000 of gains each year come free of capital gains tax. "Bed and breakfasting" should be done by April 5.

7—If you work for a public company, lean on your board *to start a share option scheme.*

8—If you're a godparent/grandparent planning to make regular gifts to a child, do it through a covenant. For every £7 given, another £3 can be reclaimed by the child *from the taxman.*

9—If you're self-employed, remember to take advantage of the carry forward concessions for pension plans in the last budget. Unused entitlement in 1974/75 has to be claimed by April 5.

10—If a life insurance salesman knocks on the door, ask a reputable financial adviser before taking his advice.

11—If you're about to join an elite insurance club take a look at Sir Henry Fisher's report on Self Regulation at Lloyd's. At £20—available from the Corporation—it's a good investment and could save you a large and unexpected bill in the future.

12—If you're made redundant, be sure to take immediate financial advice—there are tax traps for the unwary.

A guide to the rocky road through the art and antiques world

ALTERNATIVE INVESTMENT

ROSEMARY BURR

THE LAST five years have witnessed a surge in public interest in art and antiques as investments. Phillips, one of the leading UK auction houses, says it now receives about 6,000 inquiries a week compared with 1,750 in 1975.

Public enthusiasm has been sparked by well-reported cases of articles, previously regarded by their owners as of little value, being sold by auction for a handsome profit. In addition, inflation has led many investors into a flight from paper into tangible investments that they hope can give them a real return.

For those investors with no personal preference for one form of art over another picking a way through the art world can be tricky. Some general guidelines are worth keeping in mind. With the high cost of repairs, it is important to choose high quality undamaged goods.

The motto "small is beautiful" also bears emphasising. Small articles have many advantages (they are cheaper to store, and easier to move).

Marketability deserves mention and it is worth remembering that the leading London auction houses will deduct 10 *per cent of the sale price* as their fee. Fashion also plays a large part and particular attention should be paid to this in timing a sale.

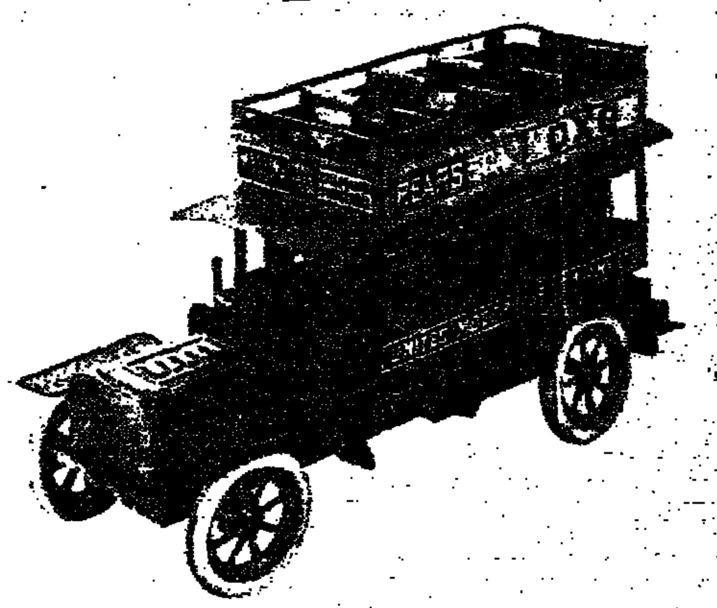
So far the art market, whose heart remains London, bears few recessionary scars with last autumn's UK auction sales confounding the pessimists and showing a healthy increase in demand. However, the art market is really a multitude of small specialist markets, with new areas of interests mushrooming.

The main casualty of the recession appears to be the middle range of goods, those valued at between £2,000 and £10,000, where demand is said to be stagnant but where, for those with an eye to the long term, the experts say there are bargains to be had in 1981.

What to choose in 1981? Obviously personal taste and interest must play a large part backed up by expert advice. Phillips' annual survey concludes that for those investors seeking a hedge against inflation furniture, particularly 18th century, followed a close second by *jewellery,* are *probably* the best bets. Also mentioned were silver by well-known makers, and 18th and 19th century English landscape paintings and watercolours.

Other leaders include 18th century English ceramics, art nouveau and deco, oriental rugs, Japanese paintings, costumes and lace, duelling pistols and toys including lead soldiers and early Dinky.

When the Phillips specialists *were asked to pick front-runners* from within their own field, they opted for English oak and Edwardian furniture, medical and surgical instruments, old Sheffield plate, 19th century wine glasses and Georgian cut-glass decanters. Perennial favourites that remain good options for 1981 are diamonds, rubies and pearls.



This early clockwork toy bus was sold recently by Phillips for £150

A good rummage in the attic can occasionally pay substantial dividends. Helped by a wave of *nostalgia, a thriving market in* "cricketana" blossomed in 1980 when a 150-year series of Wisden Cricket Almanac changed hands for £7,500. Old cricket books and memorabilia are said to be a good bet for *1981 as are 00— gauge model* railways, tinplate toys, lead soldiers, old stocks and bonds, especially American Confederates.

For the investor who values potability above portability, vintage wines are an attractive *alternative.* Investing in wines has the added advantage that profits realised from their sale are not subject to capital gains tax. 1980 was not a sparkling year for the wine trade or investors since most wines *remained unchanged in price.* Last year's buyers' market is expected to spill over into 1981, so there appear to be some bargains around *for* those willing to watch their investment mature for about three to five *years.*

The experts' choice seems to be high quality Bordeaux wines in short supply, such as Chateau Petrus, and a good Burgundy.

Late payment of legacy

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

It is two years since the death of my brother-in-law, who left me "a legacy of £1,000 *free of duty.*" *What, please* is the rate of interest which a legatee can claim from an estate, and from what date? What can be done if this delay in paying the legacy continues? Is there not some penalty on a *person failing to get on with* administering an estate under the Stamp Act 1815, and does such a penalty now prevail relative to a time basis for obtaining a grant of probate?

The rate is now 5 per cent. It is payable from the end of the "executors year." There is no remedy for late payment of legacies except where there is inexcusable delay, when a higher rate may be ordered by the Court. You can call for payment and institute proceedings for an account if payment is not made. The Stamp Act 1815 only provides a penalty for administering an estate without a grant of probate or letters of administration. There is no latest time for a grant.

Marking name fees and tax

For certain Canadian and U.S. companies, UK shareholders have to have the dividends claimed through a bank, which makes a charge. Could you tell me if such charges are allowed for taxation?

No: where Canadian or U.S. shares are registered in London marking names, the income tax *charge under section 159 of the* Taxes Act extends to the sterling proceeds of the dividend warrants. There are no provisions for the beneficial owner to be given tax relief for the cost of collecting the sterling proceeds from the marking names, or for the fee charged by the marking name for its services.

Replacement of a roof

The flat roof of my garage is being replaced by a pitched roof for which it was necessary to obtain planning permission. I contend that the work involved is neither repair nor maintenance and should be zero rated for VAT purposes. The article headed When the roof falls in (your issue of October 18, page 5) confirms my belief. Do you agree?

In order for the expenditure you have incurred to be zero rated, it must be in respect of an alteration to a building and *not be any work of repair or* maintenance.

We think that a court might well say that a pitched roof in replacement for a flat roof represents an alteration. Providing they also accepted that such replacement was not any work of repair or maintenance, you would be entitled to zero rating in respect of the expenditure.

We suggest you point out to *your builder that his charges* should not bear VAT.

A loan from a brother

I wish to borrow about £6,000 to improve my own home. If I borrow it from my brother, shall I be able to claim the interest payable on an income tax allowance? What should be the rate of interest? Is their a time limit (minimum) to pay the sum back? What sort of agreement (if any) should I draw up?

You will find general guidance in a free booklet, IR11 (Tax treatment of interest paid), which is obtainable from most tax inspectors' offices. It is a very helpful booklet and will repay careful study.

The period of the loan must be at least a year, but can be as long as you and your brother care to make it. The rate of interest is up to you and your brother to agree upon, and you must also agree on such points as:

(a) whether the rate of interest is to be variable and, if so, how much notice must be given to you before the rate is altered;

(b) on what dates the interest is to be paid each year, half-year quarter or month;

(c) how the capital is to be repaid—whether by instalments or only in one lump, or at will.

Once you have agreed all the terms, your brother could write you a letter formally setting out the terms of the proposed loan and offering to lend you £6,000 to improve your home. You should then write back to him, accepting his offer of the loan, and you should preserve his letter (and a copy of your answer) in case your tax inspector asks to see it.

We have assumed that your brother lives in the UK. If by chance he lives abroad (or in the Channel Islands or the Isle of Man), please come back to us, as the tax position will be different.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

UNIT TRUST AND INSURANCE OFFERS

Page
Arbuthnot Securities Ltd.
Gartmore Fund Managers Ltd.

YOUR SAVINGS AND INVESTMENTS 3

After the leap in gold prices, **David Marsh** looks at prospects for 1981

The party's not quite over

IF A bullion pundit over his New Year cocktails at the end of 1978 (when the gold price was around $225 per ounce) had suggested that the price might be touching $600 in two years' time, the other guests would probably have shuffled their feet nervously and dismissed the forecast as just another symptom of excessive use of the Christmas brandy bottle.

If he had gone on to say that at that level the price would be looking pretty sickly, fellow drinkers would no doubt have made an excuse to leave.

Yet throughout all its vicissitudes in 1980, gold has consolidated the $300 leap of 1979 to add on about another $60 during the year.

Although the price is more than $250 below its short-lived January, 1980 peak of $850, it appears to have established a range of $500 to $650 an ounce.

The price indeed looks "weak" to the gold enthusiasts rash enough to pile in during last January's storms. And indeed many bullion buffs will be surely reflecting that they could have surpassed last year's 12 per cent price gain simply by investing in Eurodollars.

But to the "core" holders of gold around the world—most importantly, the central banks and governments which between them hold 30 to 40 per cent of all the gold ever mined—the price looks very strong indeed.

The monetary authorities have taken their time to come to grips with the historically high level of the gold price, and how they react in 1981 will prove one of the basic factors affecting the bullion outlook.

At the moment, it can only be said that the central banks' behaviour represents a support for the price. The main countries, including the U.S., are not selling—there has been no great temptation yet to take profits. And there is evidence that two of the most traditionally gold-minded central banks, the Banque de France and the Swiss National Bank, might like to buy.

Up to two dozen smaller developing country central banks (including at least three oil exporters—Iraq, Iran and Indonesia) have become purchasers of gold in greater or smaller quantities during the last two years or so. This sort of buying at around the $500 or $550 level has provided important support for the price in recent months—especially since demand from the jewellery industry has continued at a very low level all year.

On the other side of the coin, continuing high real interest rates around the world—particularly in the U.S., but also in West Germany and its monetary satellites—will take some of the shine off gold, not only for central banks but also for private hoarders.

Many gold analysts now feel that price is no longer likely to receive much support from war scares. Having withstood the alarms over Poland and Iran/Iraq in recent months without much upward reaction, the gold price seems to have discounted most conceivable disasters short of seven years of worldwide plague and pestilence. That is, leaving aside the possibility of World War III. Try making some use of your pot of gold once the three-minute warning sounds.

Another great imponderable is the marketing strategy of the two principal producers, South Africa and the Soviet Union. During 1980 both countries belonged to that select group of countries running current account surpluses. They thus both had the financial power to hold back part of gold production from the market in a deliberate bid to bolster prices.

It seems unlikely that either country will enjoy such flexibility in 1981. The Soviet Union's external financial position has already been weakened by the need to help bail out the Polish economy. In 1981 Russia might therefore have to step up gold sales from the 50 to 60 tonnes believed to have been sold in 1980. (An Afghanistan-style invasion of Poland would certainly put an even bigger drain on Moscow's currency reserves.)

The South Africans, too, presiding over a booming economy and a surge in imports, even now are starting to think of the time when they will be back in deficit again.

One leading gold dealer sums up the general feeling that at the moment the downward factors tend to predominate: "We have seen the end of the three-year bull market. From now on the price goes down."

This might tend to indicate a price range of perhaps $400 to $600 for 1981. If he is right, even those who have staked their fortunes on the yellow metal will probably be able to console themselves with the thought that the world has become a more peaceable and less inflationary place.

The prospects for first-timers ... and the problems of those families who are forced to move

For home buyers, it should be steady-as-you-go

HOUSE PRICES

ANDREW TAYLOR

HOUSE PRICES, having risen by less than 10 per cent in the past year, are unlikely to rise significantly faster in 1981 in spite of the recent cut in mortgage rates announced by building societies.

Many societies forecast that house price increases over the next 12 months will again be around 10 per cent—unless there is a rapid improvement in the economy.

Societies say the most important factor depressing housing demand in 1980 was not record mortgage rates but rather the general lack of confidence in the overall economic climate.

They argue that prospective purchasers—particularly those who already own homes and might be contemplating a move—will not be persuaded to take on new commitments while they remain fearful about employment prospects and the possibility of low wage settlements.

Moreover the reduction in the recommended mortgage rate from 15 per cent to 14 per cent will provide only slight relief for borrowers. On a £13,000 loan, over 25 years, a one percentage point cut in the mortgage rate provides a saving of only £10 on monthly repayments—and even less if a lower rate of tax relief on the reduced interest charge is taken into account.

The slower rate of growth in house prices—in some areas prices of some properties have fallen—follows two years when prices rose at an average annual rate of around 30 per cent.

However, since the first quarter of 1980 house prices, for the first time since the beginning of 1977, have been rising more slowly than average wage increases.

As a result the ratio of average house prices compared with average earnings had slipped to 3.4 by the third quarter of 1980, according to Nationwide Building Society. This compares with the fourth quarter of 1979 when house prices were 3.69 times average earnings.

Even if this trend is reversed and house prices start rising relatively faster than earnings lower wage settlements should ensure that any upward movement in prices may remain restricted.

For all these reasons, forecasts by some builders that a new house price boom is just around the corner seem premature although there is some commercial logic to support the argument that there will seldom be a better time than the present to buy a house.

While this advice is not motivated by altruism on behalf of those who earn their living from selling houses there is some sense in the argument that the first-time buyer is in a strong position, with house prices relatively depressed and with mortgage money in reasonable supply.

Whether building societies will be as well placed to meet mortgage demand in six months' time is more questionable. Much will depend on the extent to which the Government's plan to raise a further £3bn from the personal savings market in 1981-82 hits societies' own receipts.

For existing owner-occupiers who are forced to move—a change of job, for instance—outlook for 1981 remains bleak. It seems likely that sales will remain hard to achieve and asking prices may continue to fall as they have in many parts of the country in 1980.

HOUSE PRICES AND EARNINGS

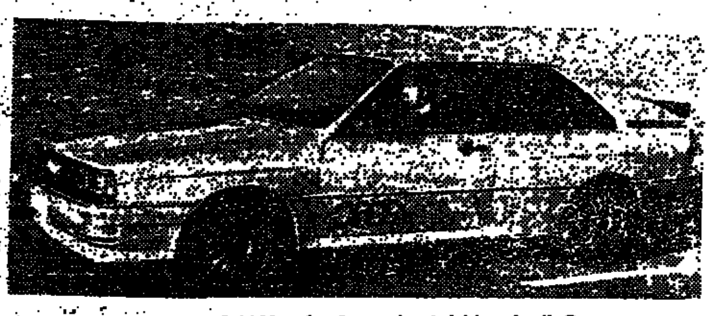
Quarter	New Properties	All Properties	General Index of Retail Prices (all items)	House Price/ Earnings Ratio
1973 4th Qtr	100	100	100	4.11
1974 4th Qtr	105	105	118	3.47
1975 4th Qtr	119	116	148	3.17
1976 4th Qtr	131	125	170	3.07
1977 4th Qtr	145	135	192	3.03
1978 4th Qtr	183	172	208	3.38
1979 1st Qtr	195	182	215	3.46
2nd Qtr	207	195	222	3.56
3rd Qtr	221	208	237	3.63
4th Qtr	232	222	244	3.69
1980 1st Qtr	249	232	255	3.65
2nd Qtr	259	239	270	3.55
3rd Qtr	264	243	276	3.40

Source: Nationwide Building Society Mortgage Approvals. Department of Employment Gazette

Top cars . . . diesel dividends

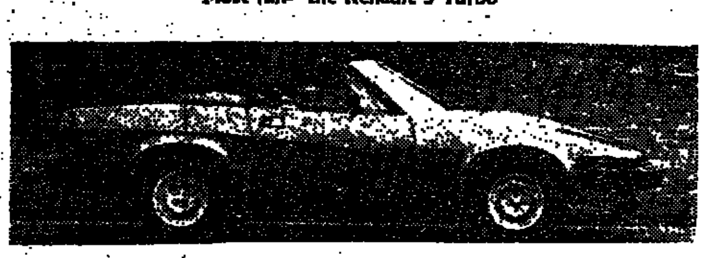
MOTORING

STUART MARSHALL



Cleverest car of 1980—the four-wheel-drive Audi Quattro

Most fun—the Renault 5 Turbo



Pleasantest surprise—the Triumph TR7 convertible

AS IT is only just 1981, I hope I may be forgiven a backward glance at 1980, the best year for a long time for new cars.

It began well, with Audi launching the 200 Turbo, powered by a turbocharged 2.2 litre five-cylinder engine. This large, lavishly equipped five-seat saloon can match the performance of rivals with engines half as large again. For those with strong minds and light right feet, it can be economical, too.

The same engine goes into the Audi Quattro, shown at Geneva last March and, for me, was the cleverest car to appear this year. By taking lots of stock components, VAG (Volkswagen-Audi Group) has created a supercar with invincible roadholding, impeccable handling and the traction of a Range Rover.

When I tried the Fiat Panda in rush-hour Rome as well as on dirt tracks and the open *autostrada* I thought it would come high in the Car of the Year pecking order. It is not really a Metro alternative, but more of a latter-day Citroën *deux chevaux* or Renault 4 with the rough edges smoothed away.

Other super-fast cars to have come my way last year were the beautifully made Porsche 928S and 924 Turbo, and the Maserati Kyalami. Both 928S and Kyalami were automatics.

Thrilling though these 140 mph-plus machines were, the car I most enjoyed driving last year was the Renault 5 Turbo which in 1981 will be locking horns with the Audi Quattro in world championship rallying events.

The Turbo really was sheer exhilaration to drive, with limitless reserves of roadholding and an uncanny ability to go exactly where it was pointed at outrageously high cornering speeds.

A few weeks earlier a long delayed test of a Triumph TR7 convertible had coincided with a spell of blazing hot weather, and provided me with my pleasantest motoring surprise of the year. The TR7, which started badly, acquired a new identity with its soft top. Sporty yet comfortable, it is fast enough for most of us yet reasonably economical and sells for much less than one would be asked to pay if it were an import.

Weep no more for the death of the MGB. The TR7 Convertible is a more than worthy successor.

The Escort, though launched in an untypically cack-handed way by Ford, was a clear Car of the Year winner from the outset. I said as much after first seeing it in August and, having driven it in September, forecast that it would beat the Panda into second and the Metro into third place, despite its joggly ride on some kinds of road. Ford said then it was a shock absorber problem.

Having driven two more Escorts for a further 700 miles in early October, I wrote that I suspected the trouble lay deeper. I still do. Even so, the Escort was a worthy winner, not least because it was the most commercially significant new car of 1980. And half the people who buy it won't notice the ride problem anyway.

The Metro is very good, but lacks the Escort's world-wide importance. Need it, I wonder, be so small? BL has done a marvellous packaging job with the Metro, but it might have been an even better car had it been a few inches longer. Those most impressed with the Metro have been brought up on Minis. Clearly a Mini descendant, the Metro is better in every important respect.

Rolls-Royce's Silver Spirit is now everything a £50,000-plus motor car should be in terms of silence and ride comfort. Whether it is an automotive masterpiece or a magnificent anachronism is a matter of opinion. What can't be doubted is its unique and undiminished prestige.

The New S Class Mercedes is, I think, arguably the best car of its class in the world.

I can't see how anyone could logically demand a better kind of executive saloon. The New S Class has everything—performance, a superlative ride, safe and precise handling and, for its size, good fuel consumption. That reflects extremely low aerodynamic drag and a lot of intelligent weight reduction.

As the year closed I tried the latest manifestation of the Citroën GS, the GSA Special hatchback. It sells at just under £4,000, an extraordinarily low figure when its sheer sophistication is borne in mind. If the GS, with high pressure hydraulic brakes (like a Rolls Royce) and self-levelling, ride height adjustable suspension and air-cooled "boxermotor" were to be launched with a blaze of publicity next March, it would be hailed as the undoubted Car of the Year 1982.

Commentators would rave over its advanced styling, superb handling, leech-like road grip and ride comfort. Yet it celebrates its 11th birthday this year. Progress isn't always forward in the world of motoring.

Finally, diesels. My enthusiasm for them will be well known to any regular reader. Their benefits in energy saving—a reduction in consumption of anything between 20 per cent and 50 per cent according to how and where they are driven—is still not really appreciated in Britain.

Business motorists (or their employers) who would gain most from them won't go diesel so long as petrol bills are merely passed to accounts departments for payment.

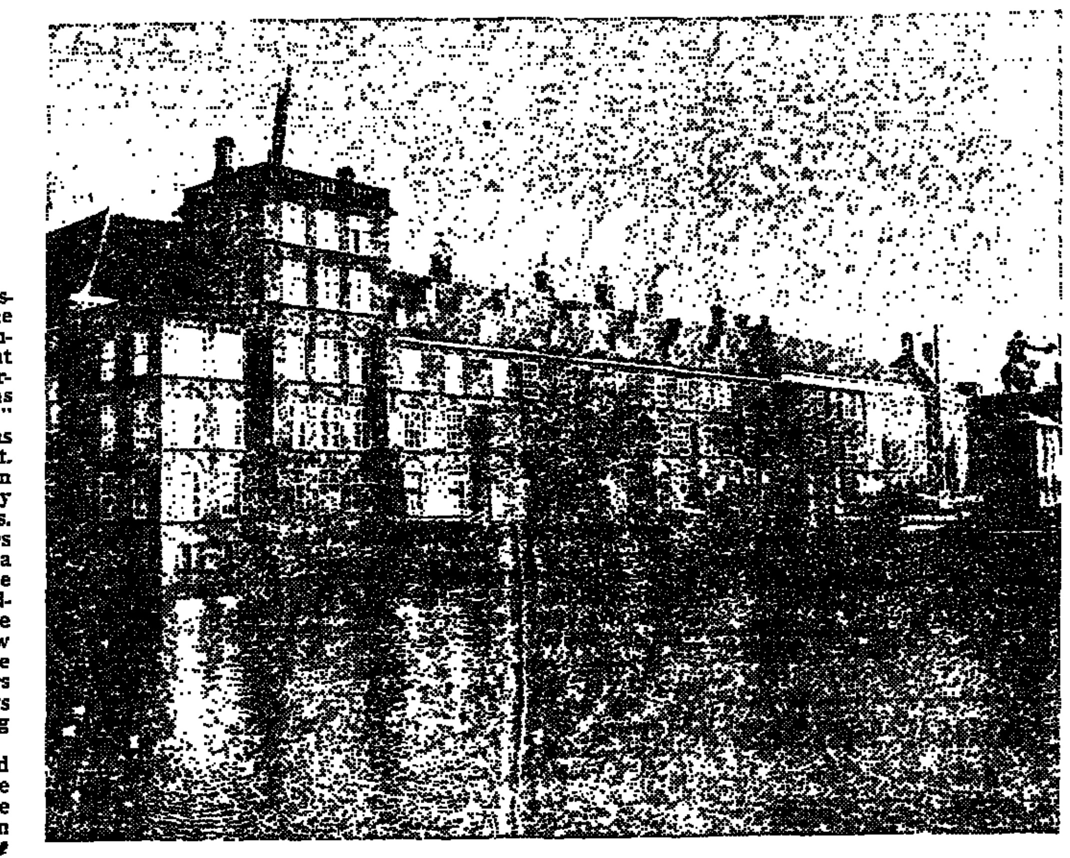
But the private motorist who takes a deep breath, finds the extra 10 per cent and buys a diesel to run for ten years or so will be laughing all the way to the bank in a few years time, when petrol is between £2 and £3 a gallon.

The Peugeot 305 GLD estate I am now running-in strikes me as an ideal car to buy for one's retirement. It is giving me a shade over 50 miles per gallon of DERV for a mix of short local journeys with lots of cold starts and trips up to town, with plenty of traffic driving.

Used similarly, a Metro HLE—the economical one—gave me 34.9 mpg a few weeks ago. Will 1981 be the year when the diesel car penny drops?

LEISURE

Don't be vague, say...



The Parliament Buildings

TRAVEL

PAUL MARTIN

I HAVE NEVER really discovered how The Hague, the Netherlands' seat of government but not its capital—that role belongs rightly to Amsterdam—came to be referred to as "the biggest village in Europe."

According to one story it was *an administrative oversight.* For many years no one in authority raised this very pleasant place to town status. While the Dutch can sometimes seem rather stolid, they are a very friendly people who pride themselves on their long-standing and close links with the British. There are also few language problems in The Hague, where the tram drivers help you to find your bearings by announcing each stopping place.

If your knowledge of Holland is confined to Amsterdam. The Hague and its adjoining seaside resort of Scheveningen approach life at a more leisurely tempo. However, in a country where the monarchy plays a low-key and informal role, the single exception to that pattern takes place in The Hague on the third Tuesday in September. The Queen then drives in stately procession in a golden coach, accompanied by outriders in traditional costumes, to the state opening of Parliament at the Binnenhof.

This dignified group of buildings, grouped around a small lake at the very heart of The Hague, includes the Ridderzaal, the mediaeval Knight's Hall. Over the centuries it has taken on a rather ecclesiastical *appearance* and is open to the public.

Even if art galleries are not high on your priority list, do find time to visit the fabulous collection of paintings in the nearby *Mauritshuis. It is small* and intimate enough not to overwhelm you and there are some superb Rembrandts, Rubens and Holbeins as well as Vermeer's "View of Delft." I have visited the gallery often enough to know where I can find pictures I return to time and time again but where, even so, I still find something new.

Vermeer's prospect of Delft is a delightful prelude to a visit to the old city so closely identified with William the Silent. His tomb and the royal mausoleum are in the towering New Church. It stands at one end of the great central squares of a city which, with its town canals and many bridges, is the essence of the Netherlands and, with the help of a Dutch friend who drove me there, I could see how little the view, captured by Vermeer, has changed over the centuries.

Delft is normally a quiet and —when the autumn *mists swirl* around the canals—a rather secret place, but it comes to life each week on market day. There is the brilliance of the flower stalls set out along the narrow streets, with the church bells pealing out high above, and at street level the unmistakeable music of a traditional street organ. It is a strangely pleasing cacophony.

If you want to buy some of the exquisite Delft china, ask for advice. The authentic Delftware, designated by two authorised trade-marks, is expensive but worth *it.* The Dutch are generally honest but there are some inferior imitations in souvenir shops.

While Delft remains a city within its own right, The Hague, Scheveningen and Kijkduin, along the coast, have been fused together to form a single municipality.

On my last visit I stayed at The Promenade, a functional business hotel but with a difference. I could look out from my window over the green heath and the Scheveningen wods which run down from The Hague to its sister seaside resort. Public transport is excellent, with clean, modern trams linking the two town centres.

Scheveningen is now the setting for a major transformation under which the century-old opulence of the Kurhaus Hotel, the great local landmark, has been restored to its former glory as the focal point of the new Scheveningen as a major resort and conference centre.

There are already extensive pedestrian promenades, and imaginatively designed roofs represent the movement of the artificial waves in the indoor pools easily accessible from the hotel.

The Kurhaus, with its own casino and conference facilities, is now classified as a national monument where you can recapture the elegance of the Victorian era without feeling obliged to order even a cup of coffee.

At a time when Britain's seaside piers are suffering from severe financial problems, the very much newer one at Scheveningen is a going concern as part of an ambitious and far-sighted plan of which you can already see the outlines.

On a crisp winter's day and even with a strong North Sea breeze blowing, you can sit out of doors on the heated terraces protected from the prevailing wind by glass screens and enjoy a Dutch gin washed down with a lager.

While they may not share the excitement and brilliance of Amsterdam, the towns which make up this Dutch triangle are perhaps more representative of *the country.*

Rotterdam airport, to which Air UK operates regular scheduled services from Gatwick, provides an easy access with a fast motorway leading into the historic heart of The Hague.

Information from: Air UK, Berkeley House, 51/53, High Street, Redhill, Surrey RH1 1RX; Netherlands National Tourist Office, 143, New Bond Street, London W1Y 9FD.

Myths and old wives' tales

GARDENING

ARTHUR HELLYER

GARDENING IS full of firmly held beliefs for which there is no firm scientific support. Old wives' tales we call them but *old gardeners'* tales would be a fairer description since there is no evidence that such stories emanate mainly from the female sex, indeed rather the contrary.

But are many of them in fact myths? That is what principally interests me and about some of them I have a very open mind.

One that I used to regard as ridiculous when I was first told it as a young man learning to propagate plants by layering was that an ear of corn, slipped *into* the incision made in the stem to be layered would ensure rooting.

"Life generates life" my informant explained and left it at *that. It may have* been a somewhat confused, semi-mystical *explanation* but I have no doubt now that the method does work though there are easier ways of producing the same result.

It works for two reasons, one mechanical the other chemical. *Any object slipped* into the layer incision will keep it open, ensure a maximum area of callus formation, and it is from this heading callus that roots are formed.

But also, as the corn seed germinates, it produces carbon di-oxide, oxygen and other chemicals, among them some that we would now class as hormones and which probably do *assist rooting. Today we would* purchase synthetic hormones in a tin and dust them over the cut surface with similar, perhaps more predictable results.

Then there are those very ancient *beliefs about* the *effect* of the moon on crops. Those that are grown mainly for their leaves must be sown when the moon is waxing, those grown for their roots or fruits when the moon is waning—or is it the other way round?

It is so long since I discussed this particular "myth," if such it be, that I forget which way it goes. What I do remember very clearly over a space of nearly half a century is scientific workers at the John Innes Horticultural Institution carrying out some experiments on these lines and coming up with completely negative results while at the very same time there was a little research station at Bray, near Maidenhead, which existed mainly to promote these theories and which consistently produced the required *results.*

It was run, I think, by the Anthroposophical Society and the reason I remember it so clearly is that the editor for whom I then worked was *friendly with its principal who* allowed us to take many of the photographs we required for our magazine there.

All the crops were very well grown but always those sown at the *correct* phase of the moon were well ahead of those sown at the wrong time. I used to imagine cynically that the good ones had been given an extra dose of fertiliser to make *sure they gave the right* results but now I am less sure.

I certainly have no proof that the moon does in any way affect plant growth but so many far stranger things have been *proved* in the intervening years that it would not surprise me in the least if one day some bright research worker did discover some previously unnoted connection. It is certainly *one of the most ancient of the* gardening myths and I find it difficult to believe that generation after generation of otherwise clever and successful gardeners have been totally *deceived in this matter.*

Then there are all those stories about plants that are supposed to drive away pests. Only a few weeks ago a reader wrote to tell me that, since being persuaded to grow marigolds in her greenhouse, all the whiteflies, hitherto ineradicable by any chemical means, had disappeared. She did not claim that this proved anything but she did think it a strange and gratifying coincidence.

Well, I have heard that particular story so many times now that I am *beginning* to half-believe it. After all there is nothing so very improbable about it. Lots of plants do contain substances that are deadly to insects; nicotine in tobacco, rotenone in derris, pyrethroids in certain species of chrysanthemum and so on.

Is it so unreasonable to suppose that marigolds contain something that is obnoxious to whiteflies. They certainly smell strong enough to deter anything. But of course none of the horticultural chemists would agree. Only inertia, aided and abetted by the pressure of so many other

things to do, have prevented me from putting this particular old wives' tale to the test. One year I must drive myself to do it.

I have tried, more by accident than design, another old myth (for this I believe it to be) that the caper spurge, *Euphorbia lathyris, will keep* moles out of the garden. It so happens that this handsome biennial is a weed in one of the two gardens I look after but the moles there are just as numerous, or used to be, until recently, as in the other garden where there is not a single plant of caper spurge.

It is true that the mole population *has now declined but so* has the caper spurge population thanks to my persistent efforts to eliminate it by weeding. I can see no connection whatever between the two and attribute the fewer moles to dry seasons in what is in any case a rather dry garden.

Moles seem to be very thirsty creatures and always have some main runs leading straight to water. I suspect that they have been driven out by the drying out of underground watercourses and are now finding happier hunting grounds in moister land nearby.

Yet it is only a week or so ago that a *fellow guest at a party* assured me he had cleared all the moles out of his garden by sowing caper spurge. So maybe I am wrong after all.

Another ancient belief is that uncorked bottles buried to their necks in the soil will keep moles away. This I have not tried but can see why it might work since wind blowing across the open necks of bottles makes a whistling noise which is amplified inside the bottle and transmitted from it to the soil.

Moles seem to have a particularly well developed sense of hearing and a strange noise like this might well frighten them. Yet, to be effective it would surely be necessary to ring one's garden with bottles no more than a foot or so apart, a quite formidable task. I find it much easier to make a barrage of naphthalene *mothballs,* dropping them into dibber holes about three inches deep and apart all round the perimeter of any plot I want to keep clear of moles.

The balls decompose very slowly, filling the soil with their stuffy, clinging smell and this, I think, is what keeps the mole away for their noses seem to be as sensitive as their ears. Anyway I have years of personal experience to vouch for this particular old wive's tale which was actually told by an old general.

A myth that never seems to die despite constant evidence that it is nonsense is that *it is* bad to water plans when the sun is shining. I have motored for days through desert areas in which crop cultivation was only possible by copious irrigation and watched vast spray lines pouring out constant plumes of water with the sun blazing in the sky.

Not only does it do no harm but I have little doubt that, under these arid conditions, it does a great deal of good by *increasing* the humidity of the air.

But I would accept that occasionally, *especially under glass,* large drops of water, remaining centrating beams of sunshine on do act as burning glasses, concentrating beams of sunshine on a single spot and causing local scorching. It can be disfiguring but is not a hazard to health.

BRIDGE

E. P. C. COTTER

SOMETIMES TWO hands may look alike but there may be a subtle difference in one which changes its whole character. Let us *look* first at this deal which occurred in an international team-of-four match:

```
            N.
          ♠ J 10 6 3
          ♡ A Q 9
          ◇ K Q 8
          ♣ A 9 7
  W.                  E.
♠ 9 4              ♠ 7
♡ J 7 5            ♡ K 10 8 3
◇ 9 6 3 2          ◇ 10 7 4
♣ Q J 10 2         ♣ K 8 5 4 3
            S.
          ♠ A K Q 8 5 2
          ♡ 6 4 2
          ◇ A J 5
          ♣ 6
```

With North-South vulnerable, North dealt and opened the bidding with one no trump. South, as you would expect, showed his powerful hand by a jump *response of three spades,* to which North replied with four clubs. This cue-bid, which accepts spades as trumps and at the same time shows the club Ace, is by far the best course of action.

South also made a cue-bid by saying four diamonds, and North in turn said four hearts. This was all South wanted to hear, and he bid six spades, which became the final contract.

West led the club Queen, and as soon as the declarer saw dummy, the Ace, Queen, nine combination in hearts was like a bugle call to a war-horse. He could see his slam on ice! Winning with dummy's Ace, he at once ruffed a club in hand, drew trumps with Ace and Knave, and ruffed dummy's remaining *club. He then completed* the stripping process by cashing King, Queen, and Ace of diamonds, and led a heart.

When West played the five, he finessed dummy's nine, at the same time *putting* down his cards and claiming the contract. If this lost to the King, that was the end of the story: if East won with the Knave or ten, he would be forced to return a heart into dummy's major tenace, or concede a ruff and discard with a minor suit return. Put the missing heart honours anywhere you like—the defence will not be able to take more than one trick.

Remember the Ace, Queen, nine holding: it is the key to successful strip and endplay.

The second hand occurred in a rubber of reasonsable standard:

```
            N.
          ♠ Q 10 7 2
          ♡ 8 6 4 2
          ◇ A Q 8
          ♣ A 9
  W.                  E.
♠ 8 4              ♠ 6
♡ 9 7              ♡ A K Q J 3
◇ J 9 5 2          ◇ K 10 6
♣ 10 8 6 4 3       ♣ Q J 5 2
            S.
          ♠ A K J 9 5 3
          ♡ 10 5
          ◇ 7 4 3
          ♣ K 7
```

North-South had won one *game when East dealt and bid* one heart. South overcalled with one spade—he is not worth more—West passed and North's raise to four spades concluded the auction.

West led the heart nine. East cashed two tricks in the suit and led a third heart, which the declarer ruffed high. Trumps were drawn in two rounds, and now South cashed King and Ace of clubs. With an endplay in *mind, he ruffed dummy's* last heart, and led a diamond, intending to play the eight from the table.

All would have been well if West had followed this with a *small* card, but West was *alive* to what was going on, and played his nine. This forced the declarer to play dummy's Queen, East took with his King, and could safely return a diamond to defeat the contract by one trick.

The Ace, Queen, eight combination has not the same power. The difference of one pip alters everything. The endplay is still available, but it is East, not West, who is the intended victim.

After drawing trumps and eliminating clubs, the declarer *should play dummy's eight of* hearts, giving East the lead, and discarding from hand a losing diamond. Now East must lead into the diamond tenace or give the ruff and discard.

CHESS

LEONARD BARDEN

ANATOLY KARPOV, world champion, on Board 1 and Gary Kasparov, heir apparent, on Board 6 were the two main reasons why the Soviet Union regained the world and olympic team titles in Malta last month despite a determined and sustained Hungarian bid to keep the Hamilton-Russell Cup. Both Ks made high scores, both were *there in the final round* when the tournament ended in a chessic photo-finish. Karpov ground out a win from a drawn position against Jakobsen of Denmark, while Kasparov *helped* the Greeks with their adjournment analysis before they beat Scotland 3½-½ in a match which gave the Russians a fractional win over Hungary on tie-break. The tie-break system counted total scores of each previous opponent of the tieing teams; in the early matches, the USSR played Greece while Hungary met Scotland.

Karpov is now 29, Kasparov 17; with one K likely to stay in peak form till the 1990s and the other good for the next century, the bleak prospects for non-Soviet contenders are further reduced by the system of triennial challenge matches which give the reigning champion a huge built-in advantage. The final candidates eliminator now in progress between Korchnoi and the West German Hubner will produce an official challenger to Karpov in 1981; but Korchnoi is nearing 50 while Hubner has poor personal results against the champion.

Thus Kasparov in 1984 looks the real challenger; and the opening shots of his title campaign have already been fired. Kasparov has been quoted as saying that Karpov "has no special talent" and relations between the two are reportedly *cool.*

Only a handful of players outside the USSR have any chance of disturbing this mortgage on the future. Jan Timman, Holland's leading grandmaster, improves steadily and already has the rare feat of winning twice from Karpov in individual games. His handicap is that he is the same age as Karpov, whereas historically it has almost always taken a younger man to dethrone one of the great world chess champions.

America's best hope, Yasser Seirawan, won well at Wijk aan Zee a year ago but has done little since. Tony Miles, the British No. 1, has twice—in 1977 and last autumn—looked to be developing into a genuine challenger only to hit a phase of poor results. At the Baden tournament *in* Austria and the Malta chess olympics, Miles rarely seemed a potential world champion. His next event is one that chess followers can watch—the BBC2 Master Game starting on Wednesday evening, which may also show whether Nigel Short, now 15, is potentially a rival to Kasparov.

Meanwhile, the two chess Ks *look in* control of the world championship for both present and future. This week's games illustrate their play in Malta.

White: A. Karpov (USSR). Black: L. Alburt (U.S.).

Alekhine's Defence (Malta 1980).

1 P-K4, N-KB3; 2 P-K5, N-Q4; 3 P-Q4, P-Q3; 4 N-KB3, B-N5; 5 B-K2, N-QB3; 6 P-B4, N-N3; 7 PxP, KPxP; 8 P-Q5, BxN; 9 BxB, N-K4; 10 B-K2, Q-R5? (the start of an unsound *coffee-house style attack.* NxBP loses a piece, but B-K2 is the solid move); 11 0-0, P-KR4; 12 N-Q2, P-N3; 13 P-B4, N-N5; 14 N-B3, Q-B3; 15 R-K1, O-O-O; 16 P-QR4, P-R4? (weakening his *castled position.* N-R3-B4 is the only chance); 17 Q-Q2, B-N2; 18 P-KR3, QR-K1; 19 B-B1! N-R3; 20 QxP, N-B4; 21 R-Q1, K-N1; 22 R-R3, R-K5; 23 Q-N5, N-B1; 24 R-N3, P-N3; 25 P-R5, Q-K2; 26 Q-R6, R-K1; 27 P-B5, PxP; 28 B-N5 (threatening B-B6 with mate, and reducing Black to desperate sacrifices), P-QB3; 29 BxP, B-Q5 ch; 30 NxB, NxN; 31 RPxP, N-B6 ch; 32 RxN, R-K8 ch; 33 RxR, Resigns.

White: G. Kasparov (USSR). Black: S. Marjanovic (Yugoslavia).

Queen's Indian (Malta, 1980).

1 P-Q4, N-KB3; 2 P-QB4, P-K3; 3 N-KB3, P-QN3; 4 P-KN3, B-N2; 5 B-N2, B-K2; 6 0-0, 0-0; 7 P-Q5, PxP; 8 N-KR4 (Polugaevsky's new move which won a game from Korchnoi in their match), P-B3; 9 PxP, *NxP;* 10 N-B5, N-B2? (better N-B3); 11 N-QB3, P-Q4; 12 P-K4, B-B3; 13 PxP, PxP; 14 B-B4, QN-R3; 15 R-K1, Q-Q2; 16 B-R3, K-R1; 17 N-K4, BxNP; 18 N-N5, Q-B3 (if BxR: 19 Q-R5, P-KR3; 20 NxP forces mate); 19 N-K7, Q-B3; 20 NxRP, Q-Q5; 21 Q-R5, P-N3; 22 Q-R4, BxR; 23 N-B6 ch, Resigns. Like Alekhine and Fischer on the way to the top, many of Kasparov's games carry an impression of hungry power, as if he can't wait to be world champion.

POSITION No. 352

BLACK (7 men)

PROBLEM No. 352

BLACK (1 man)

WHITE (8 men)

WHITE (3 men)

Olafsson v. Karpov, Valetta, 1980. A strong result by world champion Anatoly Karpov helped the Russians regain the chess olympic title in Malta. As Black (to move) he has sacrificed a pawn for the attack: Karpov's next move is obvious, but how should he follow it up for a quick win?

Try your chessplaying guests on this puzzle. You have to construct a position, using only the two kings and the two white rooks shown on the board, where White can checkmate in one move in four different ways. *Clearly the* puzzle (by Dr. K. Fabel) is not solved by the diagram setting, where White has several checks but no mate.

Solutions, Page 10

Looking into the crystal golf ball

GOLF

BEN WRIGHT

IT IS TIME for the annual dusting off of the crystal ball, and a glance into golf's bitter-sweet future. I say bitter-sweet because it is apparent that more than one tournament sponsor in America will offer $500,000 in prize money in 1981. So the professional rich will again get richer. But a major cutback in television revenue already announced for the new CBS contract period of 1982-84 indicates uncertain times ahead both in professional golf and in the market place.

Golf and country clubs will go to the wall in the 1980s—of that I am certain. And *sickeningly the amateur game* will once again become the province of the wealthy and most elderly, just as it was before World War II. Youngsters are no longer flocking to the *game because they either cannot* afford the money or the time or both, since the plague of slow play has become a long-lived epidemic.

Motorised carts have killed, *or will kill off the caddie,* except the touring variety, at least in America, despite the efforts of some clubs like my own to protect a dying breed by forcing members to take out *both cart and* caddie—tactics unlikely to survive in a prolonged recession.

With Sandy Lyle and Greg Norman, Europe's two leading lights in 1980, defecting to enrich the U.S. Tour and there will be others—notably New Zealand's Simon Owen—when the circuit swings through the West and Hawaii or after it has switched East to Florida, the European Tour also faces an uncertain future. The leading American players view Lyle and Norman as top class performers certain to become quickly successful in the U.S. Despite their disapproval of the two's behaviour they have great respect also for those *enfants* slightly-less-terrible, Mark James and Ken Brown, who will also try their luck in America. Sam Torrance's fine victory in the Australian PGA Championship seems to indicate that he has finally come of age. Certainly his ability as an all-round *golfer has improved by* leaps and bounds since I played alongside the Scottish tearaway in Tobago five years ago.

If Torrance continues to dedicate himself to his profession and believes in his own ability there is no telling how high he can rise in the European arena in 1981, or even in America, to which country and courses his game *seems ideally suited. And* much is the same of Irishman Eamonn Darcy, whom I watched perform so creditably in New Zealand recently, and Carl Mason, highest placed Briton in the *Open Championship. Steve* Martin, Ian Mosey and Jeff Hall are three of the younger set I expect to continue their notable progress in 1981. All three impress me by playing the game, rather than playing at it. But if a few of the star Europeans are successful in America it may be difficult for the European Tournament Players' Divi*sion to hold on to their most* talented players including Germany's pride Bernhard Langer —especially while the level of prize money, particularly on the European Continent, remains so *out of step with reality*—and inflation.

In America, I confidently expect the mellow and matured Lanny Wadkins, a prodigious natural talent, to soar up the money list and win a major championship in 1981. Various factors contributing to Wadkins' slump from tenth place in 1979 to 58th in 1980 all appear to have been resolved.

I also expect Australia's David Graham, who has had such an auspicious autumn in Japan and South America, to continue his rise to prominence. So, too, should the deservedly popular and delightful Peter Jacobsen from Oregon, who so captivated his audience at the Suntory World Match Play Championship with his pleasing manner and marvellous sense of humour: a rare and precious commodity on the American Tour. Gary Hallberg is such obvious superstar material he will find pre-qualifying a negligible chore if sponsors are ever dumb enough not to grant *him an exemption. And if* veteran Australian Bruce Devlin can continue to successfully delegate responsibility for all his many commercial interests, he may make nonsense *of the old adage that they never* come back.

The fledgling Senior Tour can hardly fail now that Arnold Palmer has given it his blessing after his U.S. PGA National Seniors Championship victory earlier last month. And there are any number of once great players—including my CBS commentating colleague Ken Venturi—past the 50 years of age mark early enough in 1981 to give Palmer a run for his money. Thankfully the United States Golf Association, whose inaugural Seniors Championship was limited to players over 55 years of age in 1980, has seen the error of its ways, and thus will add Palmer's lingering charisma to their championship in 1981.

In the arena of international events, Britain's biennially beaten Walker Cup Team travels to Cypress Point to challenge the American holders in August on perhaps the most beautiful course in the world. They may as well take in the view for all the chance they have of victory. The following month the American Defenders of the Ryder Cup put the trophy on the line at Walton Heath against the second European Team to challenge for it. Judging by the American top three placing in last autumn's European Open on the glorious Old Course there — Tom Kite, Lon Hinkle and Leonard Thompson — who are not yet quite in the top class, we have as little hope of repeating the last British and Irish triumph at Lindrick in 1957 as that team had on paper. One can only hope for a miracle.

But that was what most of us said about Jack Nicklaus' chances of winning one, let alone two major championships in 1980. Thereby Nicklaus set up a mouth-watering confrontation between himself and heir apparent Tom Watson in 1981. Having lost money on the man Roberto Duran, it is impossible not to go for Watson on points in what I feel will be a prosperous year for you all.

Ashley Ashwood

Arnold Palmer's charisma still lingers

Chumson may be the strongest

RACING

DOMINIC WIGAN

BOB CHAMPION, who conquered cancer to return to the saddle, will this afternoon be attempting to celebrate his Amoco Jockey of the Month award for December, with a win in Newbury's Mandarin Chase.

Josh Gifford's popular stable jockey, whose Amoco award has brought him an inscribed whip and a cheque to the value of 100 gallons of petrol, teams up with Approaching in the big chase.

Although the ten-year-old has not been seen in action for about nine months, he seems sure to run a sound race, if his past record here is anything to go by. The handsome Golden Vision gelding has achieved all his five steeplechasing successes on this course.

Of his six opponents Chumson strikes me as best bet for those not prepared to take the Findon gelding's fitness on trust. This New Zealand-bred chaser, who proved a top-class performer in the southern hemisphere, seems to have made a full recovery from the split off-hind pastern injury he received in the 1978-79 season. As the easy conqueror of So and So at Huntingdon last term, *before* taking third place behind Zongalero in the Mandarin, Chumson showed that all remains well with him on his recent return. I believe that Chumson will prove just too strong for Approaching from whom he receives 5 lbs.

In a wide-open race for the main supporting event, the equally valuable L'Oreal Hurdle, for which 17 have been declared, Fata Morgana looks worth an interest. Derek Weeden's much-improved Grey Mirage gelding has won both his races since growing out of his depth behind Sea Pigeon in November.

I suspect that the handicapper [illegible] has finally caught up with [illegible] Stopped in the New Year Handicap. There, Western R[illegible] likely to come out on top [illegible] receipt of 24 lbs from Stopped.

NEWBURY

12.30—Pardon

[illegible]—Fata Morgana

2.00—Chumson

[illegible]

2.45—Vulgan's Gift

[illegible]

هكذا من الأصل

If it's January, it must be sale time

The twice-yearly department store sales have become one of the rituals of our times, more certain than the seasons, more addictive, to those who are hooked, than Dallas. Like Dallas. I find them eminently missable, but looking at the evidence around me I have to acknowledge that I am out of step with most of the great British public. So for those who want to know where and what the bargains are, FAY SMYTHE has been taking a look at what this year's winter sales have in store.

JANUARY SALES are traditionally more lucrative than the July ones for reasons that, once one stops to think about it, are relatively obvious. In July a sizeable proportion of the shopping public is always on holiday and, this year in particular, the shops were also bereft of the usual contingent of free-spending foreigners. In the winter sales winter clothing, with its much higher unit price, is one of the big draws and it obviously offers a higher potential profit to retailers than the lower priced racks of lighter summerwear. It seems that it is in the winter sales too that shoppers begin to think about what they might need to cheer the house up during the coming spring so that household spending is higher than in the summer.

All the evidence so far is that this year's winter sales are likely to attract even more of the delayed spending power than ever before. Stores have been spending increasingly large sums of money to advertise and promote the many bargains they are about to offer so it is not surprising that many shoppers have put off buying that winter coat, the new sofa, or the new gadget until after Christmas.

Spending spree

Until now the fact that times are bad seems to have inhibited people from spending but at Debenhams, which with some 70 stores throughout the country has its finger on the mainstream pulse, they report that in many of the areas they operate in "people want to spend and spend and spend just because times are bad." Where there is a great deal of unemployment it seems that the redundancy pay is often going on quite large spending sprees. Possessions have come to seem a sounder investment than the bank.

Several stores this year are offering special incentives to buy and anybody wanting something really big, like a fur or a piano, should ask about credit facilities. Selfridges, for instance, offers interest-free credit for 12 months for any purchases costing over £500 and six months interest-free credit for purchases costing between £100 and £500. At the Army and Navy shops and Barkers of Kensington, there is interest-free credit over 11 months on items costing more than £100 bought during the sale. Even Harrods is offering one year's interest-free credit on items bought during December and January.

Most people by now know the difference between the various sorts of "bargains" the stores have on offer. There are those that were part of the normal stock bought by the store and, because they haven't sold or have been soiled, are genuinely reduced. But all these should still be of merchantable quality and all equipment should do the job it is expected to do. Items should all carry the original price (at which price it should have been on sale for at least 28 consecutive days during the last six months) as well as the new reduced one.

Then there are those "bargains" that have been specially bought in for the sale and should normally be labelled "special purchase."

What's on sale

Debenhams report that they have slashed prices particularly dramatically in the furniture and furnishing fabric departments. Anybody needing to stock up on things for the house should find Debenhams a good source of china, glass and kitchenware. Many other stores, of course, also offer a good selection of sales bargains in all these areas and many people find that if they choose a standard pattern they can keep going by buying replacements only at sale times and at sale prices. Look out for the 50 per cent off some Wedgwood bone china and Crown Staffordshire at Harrods and 50 per cent off some Royal Doulton at Selfridges.

Sales are also a good time to stock up on towels and linen and Peter Jones and John Lewis stores usually offer a very good price reductions during sale times. For instance a Jonelle bath towel is marked down from £10.50 to £6.95 whilst Egyptian cotton double sheets cost £21.

Larger kitchen equipment doesn't seem to be offered so prominently as it used to be, largely because many people have found ways of buying good secondhand or slightly damaged models at perfectly ordinary times of year.

Many people wait specifically for the sales to buy audio equipment. Video cassettes and the new electronic games seem to be in particular demand and, as a guide, Harrods is offering a Panasonic Music Centre at £299 down from £449.

Whilst household buys and audio equipment are the kind of one-off special that shoppers look out for from time to time, it is clothing that makes up the largest part of the turnover at most sales. For the last couple of years it has been a spectacular time for those who love designer clothes or the kind of devastating simple classics that are normally beyond their reach, to buy something they could never normally afford.

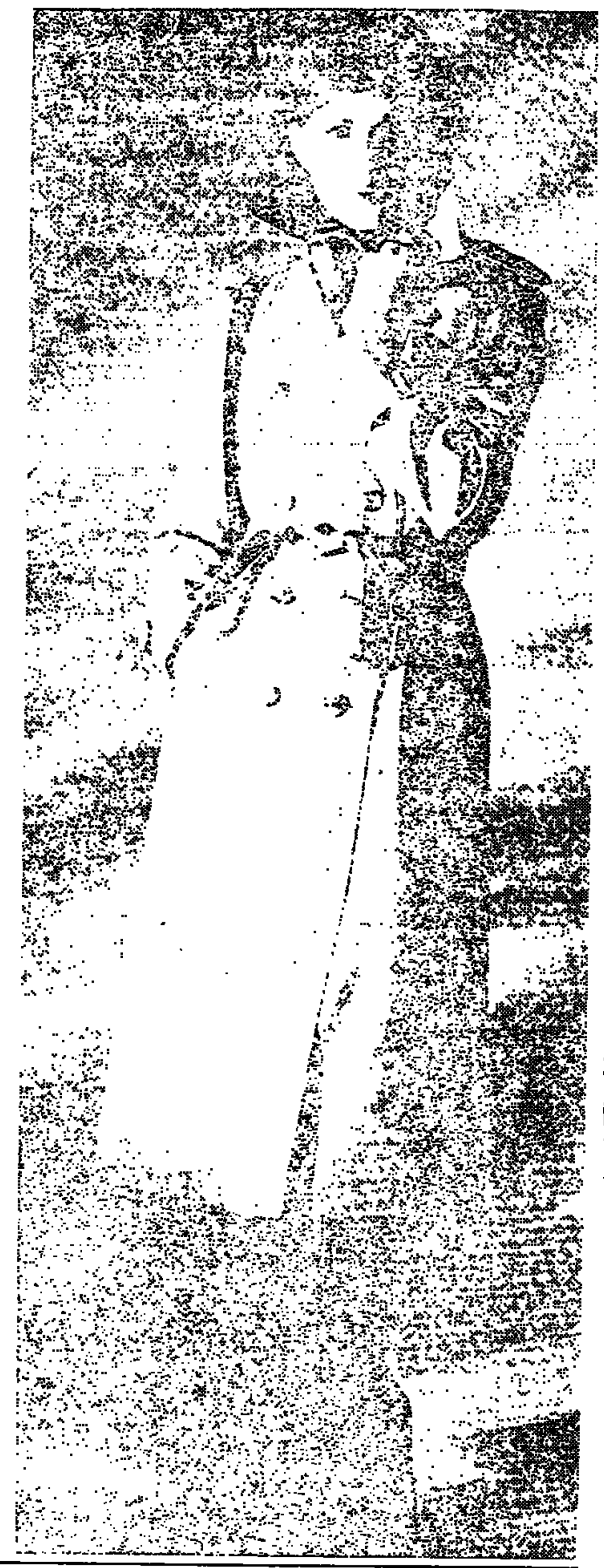
Designer labels

Designer fashion has become so expensive that it is not surprising that it is still to be found hanging on the racks in even the most exclusive and upmarket of stores. Now is your chance, if you fancy a really beautiful designer label number. Harrods is selling Jean Varon evening dresses down from £132 to £66, whilst Harvey Nichols has a Jean Muir cocktail dress down from £214 to £143. For men Harrods offers anything from a Hardy Amies tie (down from £8.50 to £1.95) to a Chester Barrie suit (reduced to £150 from £225). Selfridges are planning to offer huge cuts in less well-known men's clothing with reductions of between 25 per cent and 30 per cent in good coats and suits.

However, it is when it comes to furs that perhaps the most spectacular bargains of all are to be found. We all read about the Iranian woman who queued all over Christmas for a blue fox coat at £99—offers like this are usually the special one-offs designed to attract maximum publicity and a queue for opening day. Nonetheless furs all over the country are being sold at very reduced prices. At Harvey Nichols a full-length raccoon coat will be on sale at £1,485 (reduced from £2,245) whilst a three-quarter raccoon jacket at the Army and Navy will sell for only £599.

D. H. Evans had ranch mink coats reduced from £1,980 to £990 and hundreds of small furriers up and down the country will be offering furs at the sort of prices which seem very attractive.

For those who aren't looking for the one-off spectacular buy, it really does seem the year to look out for the kind of classic that you've always longed to have but always felt you couldn't afford. Past experience has taught us that prices mainly only go one way—up—so if you really want a Burberry, buy one this year in the sales. Look out for all the other classics, the fine pure wool tweed coats, the cashmere cardigans and sweaters, the good leather belts, all the dateless things the British do best—the chances are that you will never find them at better prices and they are the kind of true bargain that lasts for ever.



LEFT

ANYBODY looking for furs should be able to save themselves large sums of money by buying during the current sales. Almost all the specialist shops as well as the fur departments of the big stores are offering furs at reduced prices. K. West Furs at 21. Heddon Street, London, W1R 8QJ offer a reduction on all their furs. While the most recent and up-to-date may only be reduced by 10 per cent, some of the reductions will be much higher. For instance the white Saga mink jacket, photographed left, which has collars and cuffs in Arctic white fox, will be down from £1,800 to £1,399. There are lots of fox jackets ranging in price from £375 (reduced from £475) as well as a blue fox jacket reduced to £720 from £1,250. High fashion styles that have been used in fashion shows are reduced by some 60 per cent. Probably of more interest to more women are the classic styles and here K. West have a calf-length dark mink reduced from £2,600 to £1,490. The sale is on until the end of January.

RIGHT

IT SEEMS to me that nobody in their right senses would buy a Burberry during the rest of the year when during the sales season you can buy such an established classic at such a reduced price—the classic trenchcoat-style photographed here at the right is down to £99 from £147.50 (Burberrys points out that the reduced price is for models labelled slightly imperfect though it seems to me you'd almost need to be a trained quality controller to find the flaw.) Loden capes are not as easy to track down as one might think and anybody wanting one should hurry along to Burberrys (the Haymarket sale is already on, Regent Street, Oxford Street and Marble Arch all start today) where they are reduced from £135 to £50. A huntin', fishin', shootin' gentleman of my acquaintance assures me they are just what the ardent pusuer of traditional British country pursuits requires—he has never felt the damp or the cold since he acquired one. At the other end of the scale you can buy the classic Burberry checked cashmere scarf for £10 during the sales, as opposed to its usual £28.75 price-tag.

LEFT

RIVA FURS of 67-69 George Street, London, W1 has a large number of furs both classic and ultra-fashionable at reduced prices. Riva specialises in furs of all sorts but I like best their anoraks lined with either opossum or rabbit and their fur-lined raincoats. During the sale you'll be able to find a whole selection of fur-lined jackets rather like the poplin jacket photographed here, which is down to £300 from £400. This particular jacket has detachable sleeves so that it can be worn as either a fur (the jacket is reversible) or a poplin gilet—ideal for skiers. The fur-lined raincoats start at £350 (down from £550) but for those who are looking for a full-length mink there is an amazingly beautiful reversible mink reduced from £4,500 to £4,000—checked mink on one side it reverses to ribbed Blackglama mink on the other. The Riva sale starts today and lasts until about 17th January.

THE REJECT SHOPS might, one would think, have no need to have a sale at all, their name implying that reduced prices is what they're always about. However, even the Reject Shops like to move stocks along quickly at certain times of the year and just like everybody else this year they're holding a sale when prices will be even further reduced. As a special enticement each Reject Shop (there are four in London, counting the new one at 234, King's Road, London, SW3) will be offering a couple of sofas like the one pictured here left, at only £50. Each sofa will be covered in a different material or design but each will be only £50. Besides the sofas the shops will be selling the Peacock cane chair for £24.95 (down from £35), Bauhaus-style chairs at £14.95 (from £18.95), tubby wine glasses for 45p, paperback books for 20p and Swiss roll tins for 20p and many other reduced items.

Festive nibbles

BY JULIE HAMILTON

ONE OF the best things about this time of year is everybody's friendliness to each other and the fact that the celebrating seems to go on and on with a great deal of casual dropping in for drinks which are usually offered with something to eat. Mince pies often appear over the Christmas period but a delicious alternative later on when one has had enough of mince pies, is gingerbread, a traditional festive food.

There is a delightful, and recently published, booklet on *"The Gingerbread Ladies"* by Jack Hallam (obtainable from J. Hallam, 82 Churt Lane, Reigate, Surrey, at 60p including postage). It gives all kinds of different recipes, as well as the histories of the ladies. The following is one of my favourites and will keep well in an airtight container until needed.

ORMSKIRK GINGERBREAD

8 oz butter; 8 oz soft brown sugar; 4 oz golden syrup; 4 oz black treacle; ½ oz ground ginger; pinch cinnamon; 1 oz grated lemon peel; 1¼ lbs plain flour.

Cream the butter and sugar. Melt the treacle and syrup together and gradually work it into the creamed butter, adding the ginger, cinnamon, lemon peel and flour. Work the ingredients together until you can roll them out to ¼-inch thickness. Cut out rounds with a cup and bake on a greased baking tray for 25 minutes at gas mark 4 (350F). When I first tried out this recipe I found it necessary to add a little milk to the mixture to enable me to handle it. The result was a delicious crisp biscuit, gobbled up at once by my family.

If you are fond of caraway seeds, here is an old farmhouse recipe for little cakes that go well with mulled wine.

CARAWAY CAKES

8 oz self-raising flour; 3 oz butter; 1 oz caster sugar; 2 oz chopped mixed peel; 2 heaped teaspoons caraway seed; 1 egg lightly beaten; milk.

Rub the butter into the flour, add the mixed peel, caraway seeds and sugar. Stir in the egg and enough milk to make a soft dough. Spoon the mixture into patty pans and bake in a preheated oven gas mark 7 (425F) for approximately 20 minutes.

GODCAKES

These are a different kind of mince pie and utterly delectable.

12 oz plain flour; 12 oz margarine; salt; mincemeat; 1 egg white and a little caster sugar.

Sieve the flour, add a pinch of salt and enough water to form a manageable dough which must not be sticky. Roll out this dough to an oblong. Place the margarine on one half and, with your thumbs press it out so that it almost covers that half. Fold over the other half and press the edges well together. Roll out carefully to the same thickness as before, then fold it in three and roll out again. Do this three times in all, finally rolling out to ¼ inch thickness.

Cut out an even number of equally-sized triangles, place some mincemeat in the centre of half the triangles and cover with the rest. Press the edges well together and make a couple of cuts in the top. Bake in a very hot oven, gas mark 8 or 9 (450F to 475F) for approximately 15 minutes. When done, glaze by brushing the tops with the egg white beaten to a froth and sprinkle with caster sugar. Put back in the oven for two or three minutes. Cool on a wire rack.

You could substitute the mincemeat with a good strong grated cheese, mixed with bits of celery for a savoury nibble. Cheese and apple is another possible filling, using grated eating apples and cheddar.

SURPRISE PACKETS

Finally, a recipe that requires a good short pastry and various fillings which are rolled up in it and cut into slices when cold. You will need 7 oz flour to 5 oz butter, 1 egg yolk and enough water to bind in the basic pastry mix. That is enough to make two rolls of nibbles. Here is a choice of three fillings and you could, of course, also use mincemeat.

Filling One: 4 oz chopped walnuts; 2 tablespoons honey.

Chop some of the walnuts quite finely, leave the others coarsely chopped. Roll out the pastry to a rectangle and spread the walnuts and honey evenly all over, leaving a little space at the edges. Roll up carefully but tightly and seal the ends well. Glaze with milk and bake in a moderately hot oven, gas mark 5 (375F) until cooked through and golden brown.

Filling Two: 4 oz whole almonds unblanched; 1 oz butter; 1 tablespoon honey; 2 teaspoons lemon juice.

Melt the butter and add the almonds. Fry for a few minutes, then add the honey and lemon juice. Bring to the boil, stirring all the time. As soon as the mixture resembles toffee, turn it out on to tin foil and leave to get cold and hard. When set, break it up and place it in a food chopper or coffee grinder and process until it is like toasted bread crumbs. Then proceed as above.

Filling Three: 1 large grated cooking apple; 1 oz each currants and sultanas; 1 tablespoon soft dark brown sugar; 1 oz butter; generous pinch nutmeg.

Mix together all the ingredients except the butter and spread on the pastry, dot with the butter, roll up and cook as before.

ARTS/COLLECTING

Ring in the new

BY B. A. YOUNG

Christmas and the New Year are no time to start writing about radio. Programme-builders, like the unhappy organists of parish churches, are condemned to offer a diet of popular favourites. Even Radio 3 gives way; though it imaginatively ushered in 1981 with a Beethoven string quartet, it devoted most of New Year's morning to the "traditional" concert of music by all the Strausses but Richard relayed from Vienna. Well, it makes a decent background as you sit writing your thank-you-very-much-for-your-lovely-present letters, and I don't want to begin by crabbing something *a lot of people like.*

On the other hand I do have a complaint that I have been waiting for a long time to deliver. It's not about anything to be heard on any of the BBC programmes, or on any of the independent radio programmes that I have heard. It's about something that doesn't occur in British radio at all, and its non-occurrence is my complaint.

A friend in New York has just sent me all the reviews of Peter Shaffer's *Amadeus*. Seven of them were on radio, four of them from television.

Every reputable national newspaper devotes a page, or almost a page, to coverage of the arts each morning. Every radio channel devotes time in *the morning to the news*, yet a review of the arts at that period is absolutely unknown. Radio 4 is generous in its news service; between 6 am and 8.45 am we have three news bulletins and two résumés of news headlines. We have a look *at the day's papers* (at their news pages, that is). We have a prayer for the day and a *thought for the day. For specialists*, there are *Farming Today* and the shipping forecast.

If *Hamlet* had opened at the National Theatre, or *Pacific Overtures* at Drury Lane; if Colin Davies had conducted an epoch-making performance of Mahler's 8th Symphony, or Julian Lloyd-Webber played a new sonata at the Wigmore Hall, we should be told nothing about it. (To be fair, I must concede *that we were* told that Basil Brush wouldn't be appearing any more on BBC television.) What is more, we shall be lucky if we are told about these things at any other time. There is a programme called *Kaleidoscope* nightly that in half an hour *does what it can to cover the arts scene; there is a* tedious hour on Sunday called *Critic's Forum*, which seems to be *aimed by critics at other critics* rather than at the general public, if I may be so bold as *to include listeners to Radio 3* under that heading.

But the arts shouldn't be tucked away in private corners like this. They're not for intellectuals alone, they're for everybody. When a play opens in the West End, we know we can turn to our papers to see what it is like. This is where criticism belongs, among the *news. Perhaps Peter Jay's* lot will do something.

One critical programme at any rate, last Sunday's *Bookshelf* on Radio 4 (repeated on Thursday), gave me an immense treat when Frank Delaney took us round North London with John Betjeman. It happens that the region which coloured Sir John's youth coloured mine too: I went to the school that in *Summoned by Bells* he called "*a hell-hole in the side of* Highgate Hill." I went for walks down West Hill or in High*gate Cemetery, I watched the* outside-cylinder 4—4—0 tanks pull the trains in and out of Gospel Oak station.

Betjeman's verse can invoke *a whole image with a couple* of telling details. "When melancholy autumn falls on Wembley. *And electric trains* are lighted after tea." "Rumbling under blackened girders, Midland bound for Cricklewood." I like the town scenes better than the country, but you have the same sudden presence there — "Coco-nut *smell of the broom, and* a packet of Weights, Press'd in the sand."

No poet I have heard reads his work as well as Betjeman: the voice and the lines might both have been created for the microphone age (though not, *with respect, for orchestral* accompaniment, skilfully as Sir John plays along with the band). Many of the poems were nostalgic when they were written and are more nostalgic now, yet they are supremely poems of our time. To "turn *television aerials against* the sky into pictures," as Sir John said, "to turn Underground trains into poems"—these are the tasks of modern poets, and the Poet Laureate seems to me to have done it better than the younger and more consciously "*contemporary*" writers have.

L'elisir d'amore

BY MAX LOPPERT

Nicolai Gedda (b.1925), who made his Covent Garden debut in 1954, returned there on New Year's Night, nearly 27 years later, to play the young farmer Nemorino. We must not flinch from this introductory display of statistics, for age is an important, if finally subsidiary, factor in the alienating effect of Mr. Gedda's performance. The simple fact is that he looks and sounds too old. Yet Caruso has not been the only veteran tenor in the history of the opera to have won admiration, and suspended disbelief, in the role. Here, disbelief was instead compounded by Merry Andrew *demeanour—mouth agape, eyes* rolling, arms swinging, feet apart, a jerky little trot sending *the knees forward—that caused* a wide gap to open between a distinguished and cultivated Swedish singer and the credulous but robustly good-hearted young Mediterranean peasant of Donizetti's and Romani's invention.

The crucial failure is, indeed, one of imagination: for Mr. Gedda's clownish behaviour diminished the poetic poignancy that lends a special glow to this gentle, and usually so loveable, *pastoral comedy. The voice* remains a "phenomenon" — well preserved, the range still wide, the tone *stil agile* (if notably less so than when Mr. Gedda recorded the role): but I cannot pretend that even on its own terms it gave me much pleasure. Tenor and conductor, Claudio Scimone, conspired to make a four-course meal of the *aria; and shortly thereafter*, when this Nemorino lounged on the steps in an aura of self-satisfaction *while Adina sang* "Prendi: per me sei libero," the dispersal of any lingering illusion of romance was complete.

Two Italians in the current Royal Opera cast supply at least some measure of native aptness for their parts. When Daniela Mazzucato made an 11th-hour house debut as Adina, in 1977, I found her utterly captivating: pretty, vivacious, at once bright and delicate of voice. She is still those things, though on Thursday the tone sounded a touch thin for some of the effects she essayed with it, and the character seemed to have developed a light overlay *of minx mannerisms.* Alberto Rinaldi, new to the house (I have happy memories of his per*formances* at Venice and Spoleto in the early 70s), makes a strong Belcore, good looks, *strutting self-importance, and* keen timbre all kept in a fastidious balance. (None of these singers emerged blameless from the tests of florid singing —but then who, these days, does?)

The quack is once again *Geraint Evans*, as endearing and as funny as the over-enthusiastic colouring of his first *costume will allow; these days*, understandably enough, the conjunction of voice and notes *is flowing a little thin.* Yvonne Kenny is luxurious casting as Giannetta. The conductor, a second house debutant, is noted for his appearances with I Solisti Veneti. On paper the choice looked promising, if somewhat *curious; in practice*, on Thursday, after an obviously insufficient number of encounters between conductor, orchestra and chorus, Mr. Scimone's operatic inexperience advertised itself in almost every bar. I can hardly recall another even*ing* in a major opera house of such continuously ill-related ensemble; whatever specific *attractions there may be in Mr.* Scimone's view of Donizetti that recommended themselves to the Royal Opera management were difficult to detect on this occasion.

Daniela Mazzucato

The Magic Circle Show

When will someone think up a really new illusion? History may not repeat itself but magic certainly does. This year's Magic Circle Show at the *Collegiate Theatre. Gordon* Street, W.C.1, is very much the mixture as before. It is an entertaining and skilled mixture, rest assured, but it really is in serious danger of going flat for want of originality and style.

Having got my perennial grumble off my chest, let me turn to the more pleasant task *of finding something to praise.* Well, first of all Dick Zimmerman, an American who works with hoops big and small. He causes the solid wooden hoops that Victorian children used to bowl along in the park to link up with each other, and then he *lifts them above his head fixed* in beautiful geometrical patterns. Here is an act that has that economy of means which is the hallmark of true magic. So does the perform*ance of Salvano, a Polish magi*cian in tails and white tie, whose speciality is to make tumblers-full of red and white liquid materialise from a pocket handkerchief. To prove the liquid is real he transfers it from one tumbler to another alternating this *cornucopia of* fluids with the appearance and disappearance of innumerable fans of playing-cards. It is all done with a taciturn suavity of *which Maskelyne* and Devant would have surely aproved.

As for Diana the Enchantress, this American lady has but one trick, which is to pass her thumbs, clamped together indissolubly by *pipe-cleaners* twisted tight by members of the audience, through all manner of impassable objects; but she has a pretty pleading line in *patter and her thumb-screwing* is prettily done. Mark Raffles, the pickpocket, working on two rather unwilling gentlemen from the audience was not to my taste, but he certainly got his laughs along with their wallets and watches. As for the *big illusions they were pro*vided in the first half by Guy Kent, a young man with an ingratiating manner, two female assistants and a space-capsule through which he disappears, and in the second by Richard and Lara Jarmain, old hands at a magic box illusion in which Lara is shuffled from top to toe.

ANTHONY CURTIS

Young Vic's Romans

I have a great weakness for Jeremy James Taylor's productions for the Children's Music Theatre. They are cast for boys and girls of choirboy age, and the singing of David Nield's music has the freshness that will never be heard again after puberty. The stories are kept simple. The acting has the unselfconscious quality young people can offer, and generally there is someone in the company of exceptional talent. I don't think the shows are really for children, though children like them; their attraction lies in the pleasure of watching young people performing disciplined exercises, in speech, singing and dancing, with obvious enjoyment.

The Roman Invasion of Ramsbottom was commissioned by Granada Television, and has borrowed half its background from *Coronation Street*, shifting it a few miles from Salford to Ramsbottom. The other half comes from Roman history. The Romans want to build a chariotway (the C VI) from Manchester to Carlisle, and the route, dead straight of course, will pass through the Roman's Return. The Roman Minister of Trans*port and his taurus soporens*, or bulldozer, are outwitted by the men of Ramsbottom and Agricola, Governor of Britain, who is on their side.

The humour is sixth-form *1066 and All That*, but the songs, supported by a first-class 13-piece band conducted by Ralph Allwood, Director of Music at Uppingham, are out*standing. True, I found the* lyrics hard to catch; but the tunes, which go in for the flat thirds and sevenths of classic jazz, are beautiful, and the singing is delightful. The costumes were designed by Bill Tidy the cartoonist, so of course *there has to be a team of clog*-dancers.

The star of the production is undoubtedly 14-year-old Simon Martindale, formerly head chorister at St. John's, Cambridge, now at Rugby. He not only sings like, well, like a head *chorister at St. John's (though* alas he does not disdain a microphone); but he acts with confidence and charm. No doubt this notice will ensure him a bit of ragging for a while: never mind, his voice is on the point of breaking. I also liked *Jason Denvir* as the Minister and Jeremy Allanson, who carries off a drag part without looking embarrassed.

B. A. YOUNG

Thank heavens for little girls

AS THEY stitched their samplers, the young girls of the 17th, *18th* and 19th centuries could hardly have thought that all their labours would one day bring them a tiny piece of immortality denied their brothers—that centuries ahead their descendants would still proudly display these youthful efforts, proclaiming in embroidery the makers' names and the dates when they were finished.

Occasionally it seems, boys might also turn their hands to samplers. In their charming new *Book of Samplers* (Lutterworth Press, £9.95), Marguerite Fawdry and Deborah Brown illustrate a creditably neat sampler "wrought" as the signa*ture says, in 1799 by a Bradford* eight-year-old, George Parker.

This is a rarity though. Samplers generally provide a roll call of girls' names which—particularly when we turn to American examples—has often a wonderfully evocative ring—

COLLECTING

JANET MARSH

Content Silsbee, Abigail Janney, Rosefair Brooks, Rocksalana Willes, Increase Githernon, Temperance Mathews, Dorcas Gatcomb are some names recorded *on American samplers.*

The earliest surviving dated sampler is Jane Bostocke's, worked in 1598 and now in the Victoria and Albert Museum. It is a pleasantly haphazard arrangement of floral motifs and heraldic animals, heading *a collection of sample borders*, patterns and stitches, back, chain, satin, ladder, button-hole and couching, French knots and Italian crosses.

The inscription suggests that it was made as a present for a little girl, then only two years *old* and like *most samplers of* the succeeding 100 or so years, its object was to provide a sort of *aide-memoire* to the embroidress. The word "sampler" indeed, seems to come from the Latin *exemplam*, signifying a pattern for imitation.

It was with the 18th century that the sampler acquired the more didactic tendencies we associate with it today—a means for teaching girls their needle*work stitches, and of displaying* the degree of their accomplishment.

Some little girls, it seems, regarded the sampler as positively punitive. Lucy Hutchinson, wife and biographer of Colonel Hutchinson, remembered that at seven, having already a bookish inclination, "as for my needle, I absolutely hated it."

Mrs. Fawdry and Miss Brown *organise* their book skilfully to relate the samplers they record to social evolution and to the broader development of embroidery in England. Every historical section is supplemented with practical instruction in the stitchcraft of the *period under review.*

The majority of the samplers we are likely to encounter today come from the 19th century. The wool materials used were more vulnerable to rot and moth than the linen of earlier days. Florid, aniline-dyed Berlin wools replaced the more subdued colours of earlier years and too often the idiosyncratic invention which was the special charm of the older samplers *was replaced by slavish following of stock patterns.*

As the century went on, too, sampler work came to be a vital, compulsory vocational training for little girls in schools—*at least if they were to* save themselves from even worse drudgery than sweat-shop sewing.

The Book of Samplers quotes a mid-Victorian needlework teaching manual on the need for training in plain needlework, "more particularly . . . with reference to females in humble life, whether with a view to domestic neatness and economy, or to profitable occupation in a pecuniary light."

The verses and sentiments embroidered on samplers often reveal a peculiar obsession in *the young with Sin and Death.* An 18th century ten-year-old, for example, asked,

Who is this trembling Sinner, who
That owns Eternal Dark his due
That mourns his sins, his guilt, his thrall .
And does on God for Mercy call?

Half a century later little Betsy Cook (evidently with some *prescience of immortality*) inscribed on her sampler,

This work in hand my friends may have
When I am dead and laid in grave

She illustrated the verse with a gravestone bearing her initials.

The authors of The Book of Samplers suggest that this preoccupation is hardly surprising, given the high rate of infant mortality in the period. The little embroidress may well have lost a succession of little brothers and sisters—as some *samplers, arranged in the form* of family records, directly testify.

Notwithstanding this solemnity, samplers retain their charm, with their quaint inscriptions, their alphabets sometimes arbitrarily cut short if they over-spread the line; and the pictures, often depicting homes and pets and parents alongside motifs from the flora and bestiary of the imagination.

Until a few years ago samplers could still be found very cheaply. More recently they have become collectable and often moderately pricey. They are likely to turn up in every class of antique shop or saleroom, but Christie's South Kensington have made a speciality of them, and have held a number of important sales largely devoted to samplers.

Prices depend on condition and the attractions of the design. Often samplers were marred by their own makers who, arriving at a certain age, carefully picked out the dates that gave too precise evidence of their years.

In a Christie's sale of December 9, *an 1814 sampler* with six verses and exceptionally decorative designs realised £480. An example of 1746, in the elongated and less decorative shape of the period made £140; while a plainer and practical undated seventeenth century sampler realised £260.

In Christie's next sampler sale on January 27 are several 18th century specimens, including one dating from 1724.

Medals to the fore

IF COIN *collecting* developed as a popular hobby at the beginning of the 1960s, the *collecting* of non-military medals may be said to date in its present form from 1965, the year of Sir Winston Churchill's death, when mints in Germany, Italy and the US, as well as Britain, struck commemorative medals in precious metals.

By *that time, the law of* supply and demand had forced up the prices of elusive coins, *rare dates* and mint-marks, and newer recruits to numismatism were increasingly frustrated by

MEDALS

JAMES MACKAY

their inability to complete sets for lack of a few *key items.* Since a collector would be unlikely to give up the hobby *altogether, this frustration* tended to lead to a change of direction, and it was then that *medals*, a hitherto neglected branch of numismatism, came into their own.

Even now, medals are regarded as a little off the beaten track, despite their many attractive qualities. From the outset, they had two main purposes—to illustrate and commemorate history and to record the contemporary taste in art. Because they were produced as a reward for services rendered or for academic attainment, they have a *personal element which coins* usually lack. Because they were produced in commemoration of an historic event or person, they possess an historical fascination which few coins can approach. Because medals are usually produced in a much larger size, in a *higher relief* than is practicable for coins, they are more capable of demonstrating the virtuosity of the medallist and engraver.

These reasons should combine to make medal-collecting very attractive, but their one major drawback compared with coins has always been the lack of a comprehensive, priced *catalogue*, with universally understood values to boost the confidence of the worldwide market. With every year that passes the output of medals all over the world becomes more prolific, and the likelihood of a comprehensive catalogue ever being published becomes more remote. It is probable that the number of different medals struck over the *period of the* past four centuries alone far exceeds the corresponding output of coins, bearing in mind the fact that medals have often been produced to celebrate parochial or civic events, as well as national or international events.

Nevertheless, the past decade has witnessed a steady growth of interest in medals, and the market for them has hardened very considerably. In 1971, for example, it was still possible to pick up base metal commemorative medals of bronze, copper, brass or white metal in dealers' junk trade for a few pence each, irrespective of condition or subject. Today, one would be hard-pressed to find any 19th-century commemor*ative medals for less than £2,* and the average seems now to be between £8 and £15 for specimens in fine condition.

There has also been a tendency to repatriate medals to the locality of origin, where demand for parochial medals has increased considerably with the growth of collecting local material of all kinds.

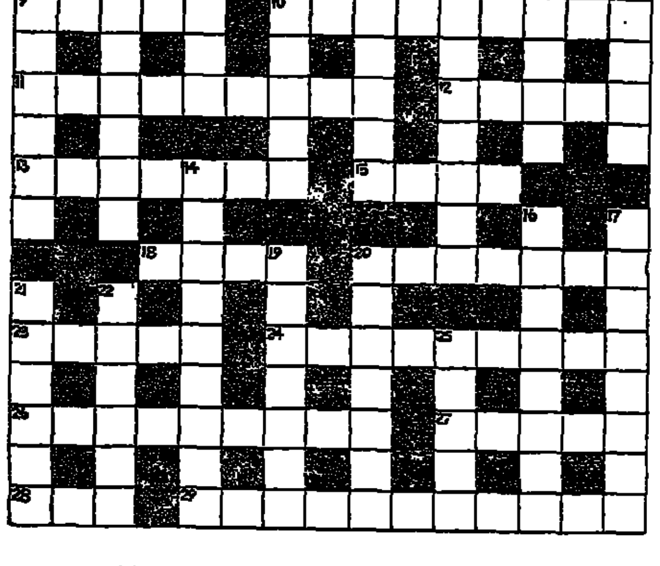
F.T. CROSSWORD PUZZLE No. 4,459

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....



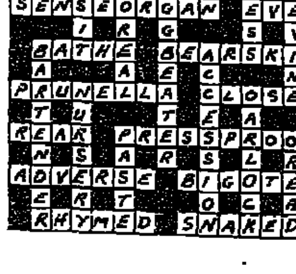
ACROSS

1 Connect eastern law-suit and document carrier (7-4)
7 and 28 Gratuity to spinner for the height of excellence (6)
9 After first of Englishman's dough (5)
10 Salesman with edge and following censure (9)
11 Routine drudgery wherein one applies energy but gets nowhere (9)
12 *Track giving direction in the end* (5)
13 Sleep in junk from the *south* (7)
15 Pivot left in chopper (4)
18 Dull and monotonous doctor *and sailor* (4)
20 Slaughter, only dear in France (7)
23 A prop whereon music is written (5)
24 Sway to and fro with vessel in lacustrine hollow (4-5)
26 Seat in which it's simple to control a meeting (4-5)
27 Hastened to church and farm (5)
28 See 7 Across
29 One who gives a name to numerical element (11)

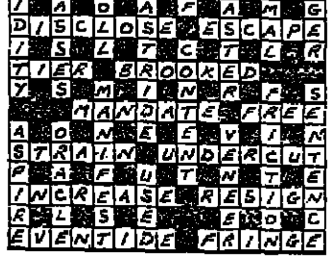
DOWN

1 Create a desire to tickle the palate . . . (8)
2 . . . and showing nice perception for that which is palatable (8)
3 Belief in first of cut grass (5)
4 Nobleman that is right and in better time (7)
5 Pilgrim's bottle providing morning draught of liquor before start of activities (7)
6 A short letter from Oriental with gun (9)
7 *Meal to seize for drink producer* (3-3)
8 Row gently but get one's feet wet (6)
14 Impudent although clean-shaven (9)
16 Stale joke about madman under box (8)
17 *Plate for a sapper* (8)
19 Haggle about price and landlord's profit (7)
20 Two animals producing stiff fabric (7)
21 *Agree when posted* (6)
22 Have nothing to do with dad's drink (4, 2)
25 *Fish on a joint of beef* (5)

Solution to Puzzle No. 4,458



Solution and Winners of Puzzle No. 4,454



Ms. Joan Linnell, 110, South Knighton Road, Leicester LE2 3LQ.

Mrs. V. J. Phillips, 45, Sycamore Road, Croxley Green, Rickmansworth, Herts WD3 3TE.

Mr. J. G. Walker, 4, Warriston Drive, Edinburgh, EH3 5LY.

TV/Radio

† Indicates programme in black and white.

BBC 1

9.05 am F.A.C.T.S. Football Association Coaching: Tactics, skills. 9.30 Multi-Coloured Swap Shop. 12.12 pm Weather.
12.15 Grandstand: Football Focus on the FA Cup Third Round (12.20); Racing from Newbury (12.50, 1.20, 1.50, 2.20); Darts (1.10, 2.10, 2.45, 3.50) The Watneys—MY British Open Championship: Figure Skating from Palais des Sports, Moscow (1.40); Rugby League Challenge Cup Draw (2.40); Basketball *(3.00, 4.10); American Football* from Pasadena (3.20); 3.45 Half-time Football Scores; 4.40 Final Score.
5.10 What's Buzzin' Buzzard?
5.20 Doctor Who.
5.45 News.
5.55 Sport/Regional News.
6.00 The Dukes of Hazzard.
6.50 Jim'll Fix It.
7.25 The Dick Emery Show.
8.00 Sophia Loren—Her Own Story.
10.20 News and Sport.
10.35 Heroes of Rock 'n' Roll.

All Regions as BBC1 except as follows:

BBC Cymru/Wales—5.35-6.00 pm Sports News Wales. 12.10 am News and Weather for Wales.

Scotland—4.55-5.10 pm Scoreboard (1). 5.55-6.00 Scoreboard (2). 12.10 am News and Weather for Scotland.

Northern Ireland—5.00-5.10 pm Scoreboard. 5.55-6.00 Northern Ireland News. 12.10 am News and Weather for Northern Ireland.

England—5.55-6.00 pm (South-West only) Saturday Spotlight.

BBC 2

†2.20 pm Saturday Cinema (1): "The Bride Came C.O.D." starring James Cagney.
3.50 Play Away.
†4.15 Saturday Cinema (2): "Strawberry Blonde," starring James Cagney and Olivia de Havilland.
5.50 The Chicken, The Egg and The Molecules.
6.50 Rugby Special.
7.40 News and Sport.
8.00 Shakespeare in Perspective: Barry Took on "All's Well that Ends Well."
8.25 Film International: "The Chess Players," starring Richard Attenborough.
10.20 Arena.
†11.15 "Arsenic and Old Lace," starring Cary Grant.

LONDON

8.35 am Sesame Street. 9.35 Chopper Squad. 10.30 Tiswas.
12.30 am World of Sport: 12.35 On The Ball; *1.00* International Sports Special (part 1) Motor Cross from Carlsbad, California; 1.15 News: 1.20 The ITV Seven from Worcester and Ayr; 3.10 International Sports Special (part 2) Hot Rod Racing from Wimbledon Stadium; 3.50 Half-time Soccer Round-up; 4.00 Wrestling; 4.50 Results Service.
5.05 News.
5.15 Search for a Star.
6.05 Punchlines! presented by Lennie Bennett.
6.35 3-2-1.
7.40 "Man About The House," starring Richard O'Sullivan.
9.15 News.
9.30 The Professionals.
10.30 The Big Match.
11.45 The Stanley Baxter Season—Stanley Baxter's Picture Show, Part III.
12.45 am Close: Personal choice with Lord Home.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am The Beachcombers 9.55 Rocket Robin Hood 10.15 Mystery Island 10.30 pm Match of the Week—Gerry Harrison presents highlights from three of today's top football games, plus commentary on the main *league match* 12.45 *am The Late* Debate—Michael Hastings nd Richard Strase debate "Is Genesis irrelevant?"

ATV

9.10 am Simply Sewing 9.35 Babylon 10.00 The Fantastic Four 10.30 Star Soccer highlights of three top matches including a major first division match from the Midlands

BORDER

9.10 am Simply Sewing 9.35 Babylon 10.00 Alright Now introduced by Suzi Quatro. 10.30 pm Shoot.

CHANNEL

6.13 Puffin's Platiice.

GRAMPIAN

9.10 am Simply Sewing 9.40 Spiderman 10.10 Fanglace 10.30 pm Scotsport—Top soccer action from both sides of the border 11.30 The Stanley Baxter Picture Show 12.30 am Reflections.

GRANADA

9.15 am Doctor! 9.40 Babylon 10.05 Batman 10.30 pm Match Night—Top soccer action from the afternoon's fixtures in the North-West. 12.45 am Twist in the Tale.

HTV

9.10 am Babylon 9.35 Doctor! 10.00 The Undersea Adventures of Captain Nemo. 10.05 Batman. 5.13 pm HTV News. 11.40 HTV Report Sports Headlines.

HTV Cymru/Wales—As HTV West except. 6.05-6.35 pm Bas Sgwar.

SCOTTISH

9.10 am Simply Sewing. 9.35 Cuir Car. 10.05 *The New Fred and Barney* Show. 10.30 pm Scotsport. 11.30 Late Call 11.35 Baretta

9.10 am Simply Sewing. 9.35 Cuir Car. 10.05 The New Fred and Barney Show 10.30 pm Scotsport. 11.30 Late Call. 11.35 Baretta.

SOUTHERN

9.00 am Sesame Street. †10.00 Laurel and Hardy: "We Faw Down." 10.27 Regional Weather Forecast 11.45 pm Southern News 11.50 Stanley *Baxter's Picture Show, Part III.*

TYNE TEES

9.00 am Hanna Barbera Cartoon Special 9.50 Chopper Squad 10.40 Saturday Morning Movie: "Swiss Family Robinson" 5.13 pm North East News. 10.30 Shoot! 12.40 am Epilogue.

ULSTER

9.15 am Doctor! 9.40 Play Squash Jonan's Way 10.05 Spiderman. 10.35 Sesame Street. 11.35 Tarzan. 5.00 pm Sports Results. 5.03 A Prayer for Today 5.13 Ulster News. 9.29 Ulster Weather. 11.45 News at Bedtime. 11.47 *A Prayer for Today.*

WESTWARD

9.30 am Look and See. 9.35 Journey to the Centre of the Earth.. 10.25 Gus Honeybun's Birthdays. 10.30 Tiswas 12.27 pm Westward News. 5.16 Scoreline. 7.40 Westward News. 12.40 am Faith for Life. 12.45 West Country Weather and Shipping Forecast.

YORKSHIRE

9.00 am Simply Sewing. 9.25 Spider*man. 9.40 240-Robert.* 10.30 *pm The* Big Game.

RADIO 1

(s) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.03 Playground. 8.00 Tony Blackburn with Junior Choice. 10.00 Steve Wright. 1.00 pm Adrian Juste (s). 2.00 A King in New York (s) 2.05 *Paul Gambaccini (s).* 4.00 Rock on Saturday (s) including 6.31 In Concert featuring The Kinks. 7.30 Close.

RADIO 2

5.00 am News Summary 6.02 Tom Edwards (s). 8.06 David Jacobs presents Star Sounds (s). 10.02 Pete Murray's Saturday Show (s). 12.02 pm The Magic of . . Stanley Black (s). 1.02 Stop the World 1.30 Sport on 2: FA Cup Special (1.30, 2.15, 2.45, 3.20, 3.45, 3.55, 4.42, 5.00, 5.45) Racing from Newbury (1.30, 1.55, 2.25); Rugby Union (1.30, 2.35, 3.15, 3.40, 4.50, 5.30) Reports from Twickenham on the International Trial; 5.00 Sports Report including 5.00 Classified Football Results. 5.25 Rugby Round-up. 5.45 Racing Results and 5.50 Classified Football Results. 6.03 Hits of Europe '80. 7.02 Beat the Record. 7.30 Big Band Special (s). 8.02 Country Greats in Concert featuring Tanya Tucker and The Oakridge Boys (S) 10.02 Nordring Rendezvous (s). 11.02 *Sports Desk* 11.10 Tom Browne with The Late Show (s), including 12.00 News. 2.2-6.00 a.m. You and the Night and the Music (S).

RADIO 3

7.55 am Weather 8.00 News 8.05 Aubade (S). 9.00 News 9.05 Record Review (S) 10.15 Stereo Release (S) 11.15 Bandstand (S) 11.45 Diversions (S) 1.00 pm News. 1.05 Early Music Forum (S) 2.00 *Beethoven and* Schubert Piano recital (S), including 2.0-2.50 Interval Reading. 3.35 Mahler's Eight Symphony (S). 5.00 *Jazz record requests (s)* 5.45 critics' forum 6.35 Stanford and Britten cello and piano recital (S) 7.30 BBC Symphony Orchestra in Huddersfield Concert Part 1. Stravinsky (S). 8.15 Pure Research (Short story) 8.35 Concert Part 2. Rachmaninov. 9.30 Tchaikovsky *and Ciphers (Talk by* David Brown). 10.10 The Organ Music of Olivier Messiaen (S). 11.00 News. 11.05-11.15 Sibelius (S).

RADIO 4

6.25 am Shipping forecast. 6.30 News. *6.32 Farming Today.* 6.50 Yours Faithfully. 6.55 Weather, programme news 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's A Bargain. 7.55 Weather: programme news. 8.00 News. 8.10 Sport on 4. 8.45 Today's Papers. 8.50 Breakaway including 9.00-9.05 News. 9.50 News Stand. 10.05 Talking *Politics. 10.30 Daily Service (S).* 10.45 Pick of the Week (S). 11.35 From Our Own Correspondent. 12.00 News. 12.02 pm Money Box 12.27 News Quiz of the Year, part 2 (S). 12.55 Weather: programme news. 1.00 News. 1.10 Any Questions? 1.55 Shipping forecast. 2.00 News. 2.05 Wildlife. 2.30 Middlemarch by George Eliot (S). 3.25 Prefaces to Shakespeare. Sebastian Shaw on "All's Well That Ends Well" (On BBC-2 tomorrow evening). 3.55 Across the Plains (S). 4.40 Profile. Gaston Thorn, new President of the European Commission. 5.00 Alternative Medicine. 5.25 The Oxford Review present "Radio Active" (S). 5.50 *Shipping forecast.* 5.55 Weather: programme news. 6.00 News. 6.15 Desert Island Discs: Ice-skater Robin Cousins (S). 6.55 Year Ending (S). 7.35 Baker's Dozen (S). 8.30 Saturday Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Award winners. 11.00 Lighten *our darkness. 11.15 A Small Country* Living 11.45 The Armchair Traveller. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 7.32 Good Fish*ing. 8.00 News, weather, traffic, sport.* 8.15 Weekend What's On. 8.30 Bob Powel's London Country. 10.03 Stuart Colman's Echoes. 11.30 The Robbie Vincent Show. 2.00 pm Time Off. 3.00 Rail 100th edition. 4.00 The Services Folk Competition. 5.00-6.00 am Join *Radio 2.*

London Broadcasting

7.00 am AM—Des Fahy. 10.00 Jellybone. 12.00 pm LBC Reports. 1.00 Sportswatch. 6.00 LBC Reports. 7.00 Get Mola. 8.00 *Network* 9.00 *The* London Interview. 10.00 Nightline. 1.00 am Night Extra. 4.00 Hayes on Sunday. 4.30 Decision Makers. 5.00 Morning Music.

Capital Radio

6.00 am John Sachs's Breakfast Show. 9.00 Countdown with Peter Young. 12.00 Dave Cash's Cash Country. *2.00 pm Duncan Johnson's After*noon Delight. 5.00 Greg Edwards's Soul Spectrum. 8.00 Nicky Horne's Six of the Best. 11.00 David Rodigan's Roots Rockers.

TV RATINGS

w/e Dec. 28

U.S. TOP TEN (Nielsen ratings)

	m. viewers
1 Dallas (drama) (CBS)	33.8
2 60 Minutes (news) (CBS)	29.4
3 Dukes of Hazzard (comedy) (CBS)	27.8
4 M A S H. (comedy) (CBS)	25.8
5 Alice (comedy) (CBS)	25.5
6 One Day at a Time (comedy) (CBS)	24.6
7 Jeffersons (comedy) (CBS)	23.9
8 Three's Company (comedy) (ABC)	23.5
Love Boat (comedy drama) (ABC)	23.5
10 Bobe Hope Christmas Show (NBC)	23.2

CHESS SOLUTIONS

Solution to Position No. 352

1...RxP ch; 2 K-B1, R-N3 (not RxP; 3 Q-B5 ch); 3 R-K2 (if 3 B-B2, N-Q7 ch; and otherwise Black threatens Q-N7 mate), Q-R8 ch; 4 R-K1, Q-R7 and White resigned because of 5 R-K2, N-Q7 ch winning the queen.

Solution to Problem No. 352

Place the white king on K1 and the rooks on QB2 and KR1; place the black king on Black's QR8. White mates by K-K2, K-B2, K-Q2, or Castles.

BOOKS

Diversity of poetic voices in a full year's publishing

BY MARTIN SEYMOUR-SMITH

First, the two most important individual volumes of last year, both by poets long experienced and very well known. Then some collected and selected poems. Then the more interesting of the hundred or so individual volumes published last year (there is no sign of a slump in the poetry industry — employing the word industry, of course, in its noblest sense). Finally, three sets of translations.

Ronald Bottrall's **Reflections on the Nile** (London Magazine Editions, paperback, £3.50, 56 pages) is in reality a selection from the most genuinely impressive of all his books: **Against a Setting Sun**. But it seems as though no publisher was prepared to publish this in its entirety — a sad commentary, and a misjudgement which one must hope will soon be rectified. Meanwhile we must be grateful to Alan Ross who has given us this selection from it.

The range here is very wide, and the author has probably wisely chosen to include the concentrated poems rather than the humorous and partly narrative ones from the larger collection. Bottrall has tender cynicism, great power to evoke feeling; he draws upon a very wide spectrum of experience and circumstance; he is a master of technique. There is enough here to show that a considerable poet has for long been in a situation when poem after poem has been literally forced upon him; at times he reaches a mysterious lyrical power which is quite unlike anything in English poetry. The price is a high one to pay for a slim paperback, but in this instance is necessary.

Geoffrey Grigson, now well on into his 70s, published his **Collected Poems** many years ago. Since then he has astonished the discerning reader (forgive the cliché: I mean those who enjoy the poetry they read, and read it carefully for reasons beyond fashion or "cultural duty") with a series of dazzlingly moving and acerb volumes. He is, quite simply, a different poet from the one he was: he has moved from a decent minor to something else, as decently unquantifiable. **History of Him** (Secker and Warburg, £4.50, 96 pages) does not spare the pretentious; but it pays homage "to our host, existence" — something which Boris Pasternak spoke of, and which this prolific and original writer alluded to many years ago in an occasional piece.

These poems are full of allusions to culture, or what is called culture by committees for it (for which Grigson famously has no time); but there is nothing meretricious about this, because the poet demonstrates beyond doubt his true devotion and gratitude for what men have been able to make in an ugly world.

Grigson has spotted everyone: you do not often find someone who reads the beautiful and haunted Italian poet Dino Campana, and makes a translation from him . . . . Grigson is more and more sure about what he loves, and whom he loves. He has come to a full maturity — what is now needed is a new Collected Poems, as soon as possible.

Gavin Ewart was first spotted as a lively talent by Geoffrey Grigson—while he was still at school. In the 1930s he was a "Cambridge poet," more influenced by Bottrall than by Auden. He served in the War and then went into advertising —nothing was heard from him for more than 20 years. Then he began to publish very readable, skilful and often funny poems. Now we have a fat **The Collected Ewart 1933-1980** (Hutchinson, £10,00, 412 pages). Ewart is clever, and cleverness is the keynote of this enjoyable collection; he seldom tries to be profound, and even makes a point of his modesty. This is good, occasional poetry of the sort we now seldom see: competent, humane, and frequently very funny.

Lawrence Durrell's **Collected Poems 1931-1974** (Faber and Faber, £9.00, 350 pages) contains his best work—and I include his fiction. It was, after all, as a poet that Durrell was best known until he published his Alexandria Quartet. This collection has been edited by James Brigham, a Durrell enthusiast who publishes a **Durrell Newsletter** (this is a habit of some Americans and Canadians: there is one about me); and has done his work well. Everything is carefully dated, and the critic who wants to make a study of this body of work will have a much easier task—and won't be wasting his time.

Lawrence Durrell: 43 years' work as a poet

David Holbrook's **Selected Poems** (Anvil, £5.95, 143 pages) concentrates on his poems of domestic intimacy rather than on those dealing with broader issues. Some readers will find these poems mawkish and self-indulgent, and would have preferred more of the other sort of poem he writes. But these are well written and honest, and are always readable.

Seamus Heaney's **Selected Poems** (Faber and Faber, £3.95, 136 pages) shows this celebrated poet's development from a very attractive rural poet to an Irish bard often writing in a "continental" manner in which he seems to be uneasy. But some of the later poems are in the old vein—and few can do other than value the early ones.

Derek Mahon in **Poems 1962-1978** (Oxford University Press, £5.75, 117 pages) shows himself to be a highly professional poet, very sure of himself both as Irish and as a gifted exponent of what may—in the age of Ginsberg—be called the school of coherence. The effect is a little frigid; but well disciplined and never slipshod.

Tom Paulin's **The Strange Museum** (Faber and Faber, paperback, £3.50, 51 pages) contains sensitive and original poems about situations of human difficulty and despair. He is a profoundly humane poet, very intelligent, and often on the edge of breaking into a passionate language that is all his own. By contrast, Christopher Middleton is an old hand, a practised translator and sophisticate who has never wanted to express himself in a direct manner.

Carminalenia (Carcanet, £2.95, paperback, 120 pages) is of literary interest: it consists of the cryptic utterances of a complex man who has deliberately retreated from experience. There are good precedents: the French novelist Roussel, even Beckett in one sense, and many others. This book, with its notes, is more for study than for reading; it has its fascinations.

Patrick Creagh's **The Lament of the Border-Guard** (Carcanet, £2.95, 63 pages) is very different: Creagh is a more direct poet, trying hard to convey his appreciation of Italian and French poets such as Saba and Corbière in a genuinely English way. The results are interesting, often wry—but in this collection too often fragmentary.

Bread for the Winter Birds (Hutchinson, £6.95, 70 pages) contains the last poems of Tom Blackburn. As his wife's foreword makes perfectly clear, Blackburn was an alcoholic who, in effect, died of drink. The volume is terrible to read in its harsh candour: the horrors of being in a mental hospital, of going off the booze and of slipping back on it, on the remorse of the alcoholic, and on his cruelty. I am not sure of the quality of these poems: Blackburn began as a pasticheur of Yeats, and never really found his own voice or seems to have had anything interesting to say. But the agony of this book is so great and so genuine that one will retain it—and I believe it will survive.

Peter Scupham's **Summer Palaces** (Oxford University Press, £3.00, paperback, 55 pages) is very much in the manner of James Reeves, who died in 1978. This is good to see, for Scupham has not merely written pastiche of the unobtrusive poet he and so many others admired: he has learned what Reeves had to offer, but combined it with an astringent and intelligent attitude of his own. This is one of the best new collections of the year.

Thirty-one Poems (Carcanet, £2.95, 56 pages) is the title given by Felix Stefanile to his fine translation from the Italian poet Umberto Saba. Saba has quite often been translated, but never better than in this little volume. He is a unique poet, expressing his sense of alienation as a Triestine and a Jew in a haunted and haunting poetry, partly domestic and partly meditative; it is really all to be taken as a whole body of work. This is a fine achievement by Felix Stefanile, and one must hope for more renderings by him of this great but somewhat *neglected poet*.

The Jeweller's Shop (Hutchinson, £4.95 case, £2.95 paperback, 63 pages) is a translation of a play by Karol Wojtyla written before he became Pope. The translator, Boleslaw Taborski, was chosen by special Papal Commission. The verse play makes it quite clear that the Pope is (or was) no mere amateur writer: it is old-fashioned, but well wrought and linguistically alive. It should interest most readers, whether they are Roman Catholic or not.

A Part of Speech (Oxford University Press, £4.95, paperback, 152 pages) is a collection of translations by various distinguished hands of the eminent Russian poet, now in exile in America, Joseph Brodsky. These poems from the period 1965 to 1978 show that Brodsky is quite as powerful a poet as any living Russian.

Admiral's agonies

BY JANET MORGAN

Admiral of the Fleet Earl Beatty
The Last Naval Hero: An Intimate Biography
by Stephen Roskill. Collins. £12.95, 430 pages

Much of David Beatty's life was spent waiting—for his political and official superiors to modernise naval equipment, techniques and tactics; for action; for respite from his immensely rich and neurotic wife; for epistolary and (as Captain Roskill would put it) osculatory reunion with his mistress. Promotion, however, came fast: passing into the Britannia training school in 1884, at the age of 13, Beatty was "thanks to the influence of his very determined mother" immediately afterwards appointed to the Alexandra, flagship of the Mediterranean fleet, whose Commander-in-Chief was Queen Victoria's second son, the Duke of Edinburgh. After further training, he was selected in July 1892 to serve in the Royal Yacht Victoria and Albert for the summer cruise ("the nicest mannered boy" on board, the Queen allegedly observed). Promoted Lieutenant, his next periods of service were in the comparatively modern battleships, Camperdown and Trafalgar, giving Beatty a taste of "the technological revolution then in progress, and of the new manoeuvres known as 'steam tactics'."

Beatty, high-spirited and impulsive (as a cadet he was punished once a fortnight for "sky larking" and was to the end of his life reckless in the hunting field), now longed for battle. It came in 1896, when he was asked by his former Commander in the Trafalgar to join the Anglo-Egyptian expedition on the Nile which supported General Kitchener's efforts to reconquer the Sudan and avenge General Gordon's death at Khartoum. Beatty's bravery and success brought him promotion as Commander at the age of 27. He was again commended and promoted—this time to Captain — two years later, for his service in China during the Boxer rebellion; and in 1910, after a spell in the War Office as Naval Adviser to the Army Council and, later, command of the battleship Queen, he became Rear-Admiral, at 39 years old the youngest Flag Officer since Nelson.

Refusing appointment as Second-in-Command of the Atlantic Fleet (based chiefly on Gibraltar, it seemed to promise fewer opportunities for action in the event of war with Germany, compared with a posting to the North Sea or the Channel), after two years on half-pay Beatty became Naval Secretary to Churchill, who had the previous year, 1911, become First Lord of the Admiralty. The two shared many characteristics: "restless and dynamic energy . . . the ability to view far-ranging problems with a clear eye," though both lacked at that time knowledge of the technical side of modern warfare. Churchill was sufficiently impressed by Beatty to appoint him in 1913 Commander of the Battle Cruiser Squadron. The part played in the First World War by those ships and their Commander is here beautifully explained by Stephen Roskill, who discusses the frustrations of inaction as fluently as he *describes the excitements of* battle.

The main interest of many readers will be in what the author has to say about the Battle of Jutland on May 31-June 1, 1916, and the performance of Admiral Jellicoe, and the Grand Fleet which he commanded, and of Beatty, with his Battle Cruiser Squadron. Captain Roskill's analysis is a model of coolness and good sense—and with charts, tables and straightforward sentences, it is easy to follow. He reminds us that, despite the heavy British losses, the battle confirmed British dominance in home waters. He emphasises the deficiencies in reporting sightings of enemy ships, the inefficiency of recognition signals, the lack of training in night fighting, the poor system of search light control and "the shocking failure" of the Admiralty to pass on information to Jellicoe.

Roskill is equally scathing about the inadequacy of the design and equipment of the British ships: he demonstrates convincingly that their armour gave indifferent protection, their armour-piercing shell was inefficient, their systems for controlling the direction and range of firing were woefully out-of-date, and methods of storing and supplying cordite such as to make the ships highly vulnerable to explosion. As to strategy and tactics, Roskill finds Jellicoe's prudence unsurprising: it reflected not only naval doctrine prevailing at the time but, more important, the dilemma of a Commander-in-Chief whose freedom of action was limited by the fact that, since each unit of his forces was so valuable, to risk even a single loss would be unwise. To Beatty Roskill is less sympathetic. His staff work, especially signalling, was patchy and one manoeuvre in particular—a 360° turn—inexplicable.

Captain Roskill's courteous tones—even-handed, good tempered and very firm—are by now familiar to his readers. It is in this manner that he unravels the complicated story of the efforts to fashion and refashion in subsequent years the various accounts, official and personal, of the Battle of Jutland. Beatty, who in November 1916 replaced Jellicoe as Commander-in-Chief and in November 1919 succeeded him as First Sea Lord, showed unflagging interest in these histories, including the amazing *Epic of Jutland* produced by his friend and confidant Shane Leslie. (A sample *of its 5,200 lines:*

The mind of Jellicoe with
searching strain
Judiciously decided to refrain
Deployment to the Starboard,
lest his wing
Should take a concentrated
hammering.)

It is from Leslie's draft biography (suppressed by Beatty's son) and to the 17-year correspondence between Beatty and his mistress Eugénie Godfrey-Faussett that Captain Roskill has derived much of his fascinating picture of Beatty's person and character. These debts, like those to students, scholars and his sparring partner Professor Marder, are acknowledged by the author with the scrupulousness and generosity that marks his whole work. He concludes that, with all his flaws, Beatty was a hero—distinctive, dominant, attractive and brave. In many ways he resembled not Nelson but Mountbatten. That, however, will be another story.

Beatty: the Orpen portrait reproduced in the book reviewed today

Humane Queen

BY K. NATWAR-SINGH

Alexandra: Princess and Queen
by David Duff. Collins, £8.95, 327 pages

Royal marriages in the 19th Century in Europe were not made in heaven, they were decreed by Queen Victoria. In 1863 she arranged the marriage of her eldest son with an impoverished but stunningly beautiful Danish Princess — Alexandra—the eldest daughter of Christian IX. The poor Princess arrived in England, only to find that two heaviest crosses she had to bear were her overpowering reclusive mother-in-law and her jolly husband whose amorous escapades were as frequent as they were ill-timed and ill-conceived. And his choice of mistresses was lamentable. The heir to the throne (brought up to a Teutonic regime by Victoria's Prince Consort) rebelled, in the only way he could — he carried his adolescence well past middle age.

From Mr. Duff's lively and sympathetic biography we gather that Alexandra had to put up with a great deal for very many years, both as the Princess of Wales and as Queen. Mr. Duff gives us the texture and feel of Victorian life at dreary and ill-lit Windsor and glimpses of the manners and moods of the Empress of India. Of European courts and their royal actors we learn much and are left wondering how so unenlightened a group of people got away with their obscurantist ways for so long. Tragedy is always a page or two away and it ultimately overtakes almost all of them by the time we close this fascinating volume.

Alexandra, was by any standards a remarkable woman. Her unorthodox style caused orthodox eyebrows to be raised, but endeared her to the ordinary people. She had a shrewd understanding of international affairs. She had good reason to loathe the Kaiser and had little time for Lloyd George, but liked Fisher and admired Kitchener. Her husband, who by the time he ascended the throne had himself become no mean diplomat, was fearful that even in this field, his spouse might outshine him and, "continued to travel the continent alone."

Alexandra had a natural gift for good works and she was something of a Royal Florence Nightingale. After her husband's death in 1910 she immersed herself in hospital work and during World War I, she cared for the shell-shocked and wounded. While Queen Mary did not know "what to say to them," Alexandra had just the right word of cheer and consolation for them. On the death of Nurse Edith Cavell (of "Patriotism is not enough" fame)—she paid her a moving tribute. She had known Nurse Edith and encouraged her in the work she was doing.

Alexandra died at Sandringham in November, 1925 at the age of 81. By then she had become a favourite of the British people and was deeply mourned. Mr. Duff says.

"that the British Monarchy has to a large extent survived because of the love and respect which Britain has held for its Queens . . . But we owe a special tribute to the understanding and the humanity stemming from the lovely princess who come from Denmark. . . ."

Few would dispute this claim.

Life and loves of Edwin Lutyens

BY RACHEL BILLINGTON

Edwin Lutyens
by Mary Lutyens. John Murray. £12.95, 294 pages

Mary Lutyens has written this memoir of her father out of a love that barely existed while he lived but has become all important since his death:

"Love is never too late. Since his death the love has grown. I know him now from his letters; I understand all he went through for us. I feel more and more my kinship with him."

The biographer's ever increasing love-affair with his subject is a familiar spectacle. Sometimes it inspires sympathetic understanding. Sometimes it disastrously distorts reality. Filial affection must be in particular danger of falling into the latter trap. Happily, Mary Lutyens's book is a model of clarity and integrity. Knowing so much, she has no need to push or shape. Here we have the benefit of a biographer who has truly spent a life-time studying her subject.

The foundation for the book is the relationship between Lutyens and his wife. His work, of course, is also central but is seen in the context of home. Mary Lutyens starts from her own childhood impressions and then builds layer upon layer with all that she has learnt since. The feeling that she is righting a wrong, that is, her own wrong impression of her father, adds a dimension to the picture. For despite starting as the most idyllic love-match her parents marriage gradually drew apart. And Mary stood in her mother's camp.

To summarise something that does not lend itself to summary: Ned is deeply in love with his young aristocratic wife but also obsessed by his work as an architect. Unfortunately, his shy, emotional, impractical nature is not helpful in the problems of early love-making. By the end of their honeymoon, Emily is put off sex forever. She says nothing, bears children bravely and then, after many years, finds Theosophy. At last, she, like Ned has an obsession. She also has a justification for barring him (now 45) from her bed. Mrs. Besant, Krishnamurti and his brother Nitya become more important than anything in her life, including, one feels, her own children. Mary, indeed, was the only child who joined wholeheartedly in her beliefs, becoming vegetarian and falling in love with Nitya.

Ned, meanwhile, has gone along the road on which he'd already set out when first wooing Emily. Despite many vicissitudes (the famous "Bakerloo" vice-regal palace loss of level débâcle is fully explained here) his supremacy as an architect is recognised world-wide. He is also witty, charming and, by most people's standards, rich. Nevertheless his beloved wife will not have him in her bed and, perhaps just as important, pursues a way of life which is totally hostile to his own attitudes and beliefs. In time, he takes a lover, the notorious Lady Sackville who, though older than him, and nearer mad than eccentric, at least has a healthy respect for physical union.

All this would seem sad (genius surely should expect a better mate?) but not wildly unusual were it not for one thing. Ned and Emily never for an instance stopped loving each other. Mary Lutyens has taken extracts from the literally thousands of letters they wrote to each other. Even when they were furthest apart metaphysically and indeed geographically, they wrote with the same ardour that characterises their earliest letters. Emily wrote on their wedding anniversary: "32 years! Isn't it wonderful. How happy we have been in spite of ups and down. Do you know any other couple so happy and so loving and so free after 32 years. . . ." To which he replied the next day: "Ever so much love for your sweet darling wedding letter. . . ." Thus the memoir, in a most unlikely way, becomes the love story of two most unusual people.

Mary Lutyens has realised that the coldness she felt from her father as a child was in large measure due to his separation from her mother. The wit, charm, punning and virtuosity in society became exaggerated for the same reason. Loneliness, like penury, were things he believed best hidden by a perfect performance. With the images of his great works, the inheritors of classical perfection, all around us, it is easy to see how they too arose from the same complicated mixture of childlike naivety and absolute confidence.

It would be enough, then, to say "appearance is all." And yet the truth is happier. For in the end, Ned's continuing love and magnanimity drew Emily back to him and they spent their last years together.

Buckling down

BY CLEMENT CRISP

Buckle at the Ballet: Selected Criticism
by Richard Buckle. Dance Books, £8.95, 416 pages

You pays your money and you takes your choice—of Buckle serious and perceptive, Buckle impertinent but pertinent, Buckle extravagant but writing like an angel. All are to be found in this collection of writing about dance during the past 30 years from a fine critic: and vastly entertaining, as is everything that Richard Buckle has done, from his grand exhibitions to his efforts to save the Titian. But as one of the many whose taste was influenced —and, I would hazard, is still influenced — by the standards and judgments of *Ballet* magazine, I am sorry that some of his long pieces from that elegant and glorious journal have not been included here. Like the innovatory Diaghilev Exhibition, *Ballet* came at the right time, opening perspectives of taste, preparing a public for New York City Ballet and the Royal Danes, fighting the good fight. The present selection is over-generous in those flip comments that were so amusing as Sunday journalism when the pretensions they undermine were fresh; even so there is a great deal to savour in the book, not least Buckle's generosity of spirit. And who could resist any collection which contains the immortal line: "Well, we are one more *Nutcracker* nearer death." Vivat Buckle!

Murder trail

Crime Upon Crime by Michael Underwood. Macmillan. £5.50, 190 pages

Somebody murders a homosexual prostitute. To do them justice, it must be admitted that the police—in the person of Chief Inspector Pennerly—do care and do investigate. But they seize upon the wrong suspect, hound him, and have him arraigned for the crime he did not commit (though he committed a number of others). A clever little girl lawyer takes him on, discovers the real murderer, and sorts out the whole sordid, but tastefully-told story. Michael Underwood always blends suspense successfully with humanity, and his latest book exemplifies all these usual good qualities of his, plus a tautness of plot and narration that he has not always achieved in the past. One of his best, in short; a book of considerable accomplishment.

WILLIAM WEAVER

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday January 3 1981

Questions unanswered

THERE IS a story about the great Cambridge mathematician (and cricket lover) G. H. Hardy which sheds light on some of the statements about the forthcoming economic recovery, made over the New Year holiday by Mrs. Thatcher and her economic Ministers. In expounding a particularly abstruse proof in the Theory of Numbers, Hardy asserted that a particular step in the argument followed "self-evidently" from the one before it. One of his better students interrupted him to confess that, to him, the logic at this point was not self-evident at all. Hardy fell silent, looked pensively at his notes, stared at the blackboard for some time and finally shuffled out of the lecture room in a daze of profound concentration. More than half an hour later he returned, beaming with satisfaction. "It is self-evident," he repeated—and, without further ado, went on with his lecture.

Confidence

Mrs. Thatcher made it quite clear in interviews she gave on New Year's Day that she believes her Government has "the right economic strategy" and, in the not too distant future, this strategy will start producing signs of economic improvement. The trouble is that, however frequently she affirms her own satisfaction with the way the economy is moving, there will remain many, even among the Government's well-wishers, who find it difficult to understand the reasons for her confidence.

When, instead of explaining why she believes that an economic recovery is in the offing, or admitting that there have been a number of errors in the past 20 months, she boldly asserts that "the Government is absolutely on the right track and people know and feel it," her hyperbole may not do much to sustain her supporters' waning courage. For, unlike a mathematician, who can afford to leave his students bemused in the certain knowledge that the logic of his arguments is unimpeachable, Mrs. Thatcher needs to explain and justify her beliefs if she is to maintain the confidence of the electorate and even of her own party.

Investment

One of the reasons why the Government should attempt to present a clearer picture of how it sees the economy moving over the medium-term future is that economic expectations affect the actions of businessmen and investors as much as those of politicians and voters. The unexpected decline of manufacturing in Britain was an inevitable and even desirable consequence of the Government's policies.

Now that the largest part of the fall in industrial output has in all likelihood already occurred, the economy still faces the prospect of a sharp fall in investment. This, more than any other economic factor, depends on what Keynes called the "animal spirits" of the business community. Modern economists prefer to talk about "rational expectations" about the future. In either case, a crucial determinant of investment behaviour is bound to be the perception of Government intentions. The Government's medium-term monetary plan was supposed to provide the framework of stability and confidence that would encourage the formation of positive expectations. In fact, however, the medium-term plan has been side-stepped at least temporarily and the one economic variable the Government intended to control strictly has proved uncontrollable.

This does not mean that the Government's strategy has failed totally, or that its monetary plan should be abandoned. It does mean that Mrs. Thatcher should acknowledge that her critics may have a case which she and her economic advisers should be prepared to answer, instead of simply dismissing it. It means, furthermore, that if the Government wishes to inspire confidence, it may now have to provide a more detailed outline of how it expects the recovery to begin and, in particular, of how the benefits of recovery may be shared out between consumption and investment and between the corporate, the personal and the public sectors.

Ambivalence

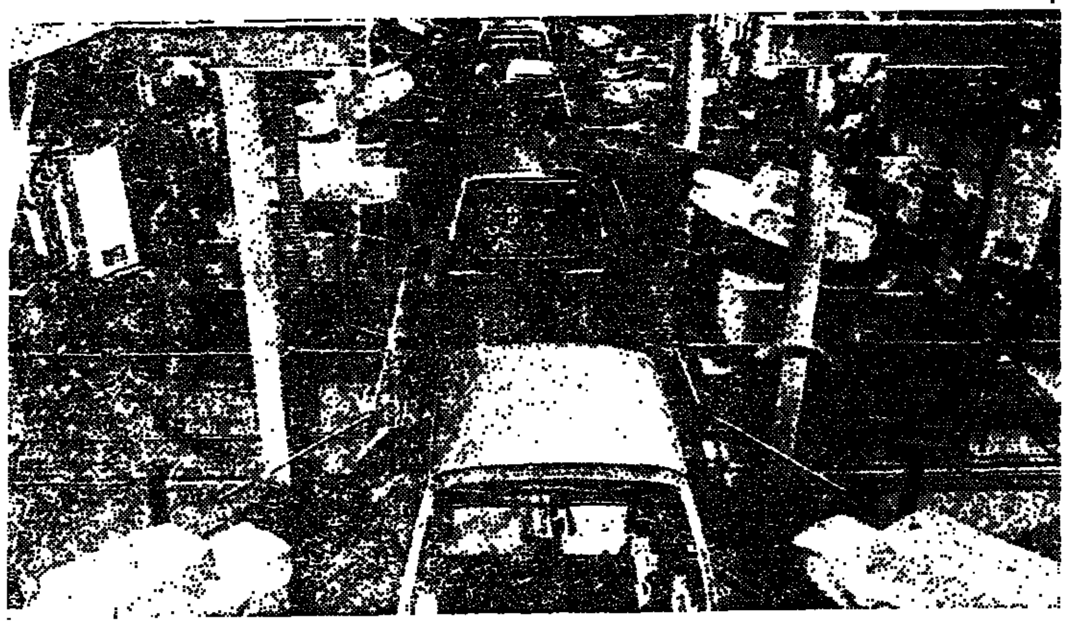
Ministers have repeatedly said that the corporate sector must be given priority in future fiscal decisions. But it would be more encouraging to know whether help for industry, for example through reductions in business taxes as well as in interest rates, will take precedence over electoral promises about cutting personal taxes. Mr. John Biffen's statement this week that the Government only promised to cut direct taxes and said nothing about taxes generally suggests that there is still plenty of ambivalence in the Cabinet's thinking.

Yet questions like this fade into insignificance in comparison with much larger issues about the economic strategy. It is still not at all clear, for example, whether the Government thinks that raising or lowering taxes will be more appropriate if the recession continues or worsens. The small steps towards a more flexible and market-determined system of regulating the banking system announced yesterday still leave open the question of whether accurate control will prove possible. Mr. Alan Walters, the Prime Minister's new economic adviser, will have plenty of work providing persuasive answers.

THE LONGBRIDGE DISPUTE

Driving a hard bargain at BL

By Arthur Smith, Midlands Correspondent



THE FUTURE of BL's volume car business and more than 50,000 jobs rests on a vote tomorrow at Birmingham's Digbeth Hall by 1,500 strikers from Longbridge. The possible collapse of the company is the price that management has made clear it is prepared to pay, rather than back down from its decision to dismiss eight men alleged to have been involved in a near-riot at the Longbridge plant on November 21.

Unions and management disagree about the culprits, but accept that the scenes of vandalism and violence in the plant on that day mark an unprecedented departure in British industrial relations. The company decision to lay off 500 employees when they reported for work on the trim and assembly lines of the successful Metro and Mini models provoked an angry response. The stoppage was blamed on a shortage of Metro seats because of an internal dispute which had simmered for two weeks.

According to the company, the men first protested to their senior shop stewards before embarking upon a trail of vandalism. Around 100 men stormed the main office building dubbed "the Kremlin," smashing doors and windows, ransacking desks and pulling down curtains. Others rampaged through production areas, damaging around 30 partially built Metros, pushing over pallets of components and halting assembly lines. Mr. Geoff Armstrong, the employee relations director, maintains that other workers were submitted to "physical intimidation" in an effort to halt production.

BL at first seemed anxious to play down the issue, and it is only over the past two weeks that the full extent of the disruption and damage has emerged.

The lay-offs proved the flash point for the violent scenes, but the arguments will continue about the exact details of what happened and why. Longbridge, a massive and impersonal complex of rambling buildings, presents a daunting exterior, with its high perimeter walls and fences. Housing around 18,000 employees—a small township in its own right—it has developed a reputation for troubled industrial relations and inefficiency.

In the week of the lay-offs, there was resentment among manual workers at being forced to accept a 6.8 per cent pay settlement—less than half what had been demanded. A mass meeting of workers voted only narrowly to accept the advice of their senior stewards and abandon thoughts of strike action. Mr. Jack Adams, the Communist convenor, was booed and heckled for his moderate stance.

The elation that came with the publicity following the successful October launch of the Metro was beginning to evaporate. Workers complained that they had accepted new flexible working practices and had achieved productivity levels comparable with those of Continental competitors, but with little sign of any significant increase in earnings. Shop stewards said they were being stopped by workers' wives, protesting at the low pay deal at a time of rampant inflation.

Another grievance of the 500 laid-off was the apparent short notice they were given of the decision. On two earlier occasions they had been made idle on the night shift and unable to get transport home.

Some union officials also point to a changed management style that is said to be "arbitrary and arrogant." The claim is made that BL has "put the clock back 30 years," and taken advantage of rising unemployment in the West Midlands and the economic uncertainty that surrounds the company.

Mr. Armstrong defends the company position vigorously. He argues that more authority has been pushed down to lower management, but that it is accountable and must take full regard of the needs of employees. He maintains that the productivity advances made at Longbridge—the target 3,500 a week output of the Metro was hit one month ahead of schedule—required management and workforce to respond quickly and flexibly to production needs.

Longbridge has a reputation for poor industrial relations and inefficiency. The latest dispute centres on the Mini Metro line (top left). But the plant's workers voted against a strike when convenor Derek Robinson was sacked (top right). Now however there is a credibility crisis, says convenor Jack Adams (right).

Whatever the background to the riot of November 21, union leaders are not only confused about the cause but embarrassed by the consequences. In the words of one senior official: "It is no use making excuses about what happened. It should not have taken place and was totally unacceptable to any decent trade unionist."

Because of the confusion about what actually happened on November 21, many union leaders thought BL would pursue the issue discreetly. There was consternation when the company announced about a week later that, as a result of an internal inquiry, 12 men were to be disciplined—a decision which precipitated an immediate walk-out by around 1,000 workers.

Senior shop stewards intervened to get a return to work, while appeals were heard, but the company's eventual decision to dismiss eight men and suspend another three provoked the present strike by 1,500 workers.

Mr. John Barker, the TGWU official responsible for Longbridge, complained of "victimisation" and that the company had acted as prosecutor, judge and jury. He called for an inquiry into management behaviour and for the dispute to be made official. But his union appeared hesitant, partly, no doubt, out of reluctance to embark upon another damaging confrontation with the BL management, but also perhaps because of uncertainty about the commitment of the strikers.

But the shop floor set the pace. A warning letter from the management about the damaging consequences of a strike made no impact upon the 1,500 and they remain solid. It was not until the breakdown of talks organised by the Advisory Conciliation and Arbitration Service on December 22 that the TGWU took the final decision to make the strike official — and that followed a warning from BL that any striker who did not return after the Christmas holiday on January 5 would be deemed to have dismissed himself.

The solidarity of the strikers has probably surprised management and unions alike. One reason advanced for the militant stance is the fact that many of the 1,500 realised they could just as easily have been singled out for punishment as the eight dismissed. Mr. Barker takes a stronger line: "You can only push the worker so far before he says enough is enough. This management has just gone too far."

The more cynical suggest that, with the Christmas holiday so near, the strikers were prepared to settle for an extended break in order to see what impact their gesture would have.

But Mr. Jack Adams, the Longbridge convenor, sees the dispute as an issue of principle. Why was he prepared to support a strike in favour of eight men disciplined for industrial vandalism, when he had urged rejection of a strike to improve the pay of the 15,000 manual workers at Longbridge? "On the pay issue we had a choice. The sackings pose us with no alternative. Do we just turn our backs and walk away from colleagues who have been victimised?"

Mr. Adams believes the company warnings of closure in the face of strike action will increasingly fall on deaf ears. "There is a credibility crisis. Workers have bowed down so many times and seen nothing for their sacrifice that they are now prepared for the company to do its worst."

Another factor in the Longbridge dispute is the long-standing rivalry between the Transport and General Workers' Union and the Amalgamated Union of Engineering Workers. The TGWU, with its claims of victimisation—four of the eight dismissed are shop stewards—sees the disciplinary action as a further attempt by BL management to undermine the power of the shop floor.

The TGWU, though it jumped to the defence of Mr. Derek Robinson, the dismissed engineering union convenor, just 12 months ago, was eventually out-manoeuvred and defeated. Among those dismissed this time are Mr. Roy Orchard, who is not only a senior Longbridge steward but also a member of the national committee of the automotive sector of the TGWU.

By contrast with the TGWU, which has made clear its support of the Longbridge workers, the AUEW is only marginally affected by the present dispute. Less than one in 10 of those on strike are AUEW members.

The AUEW has resolutely stood back from declaring the dispute official, pointing to the need for further discussions and warning of the dangers to the company. In reality, neither union is likely to be prepared for a confrontation at a time when a sceptical Conservative Government is deciding whether or not to support the demand by Sir Michael Edwardes, the BL chairman, for a further £1.14bn of state finance for the company.

It is significant that the TGWU, in spite of its apparently militant stance, has not yet been prepared to escalate the dispute. The union knows that it only has to place official pickets on the gates of Longbridge to halt production. Neither delivery drivers bringing in fuel and components, nor transporters carrying finished cars would cross an official picket.

Such action, while it might be effective, could be inflammatory in two senses: It could either produce a backlash among those employees who wanted to work or force a confrontation from which BL might not recover.

The formula, worked out in 14 hours of negotiations with the trade unions on Thursday, provides a way out for all parties.

An inquiry, chaired by the Advisory Conciliation and Arbitration Service, allows the transport union to argue that it has gained an independent voice for its members. But the company, which has declared it will not be bound by the views of the chairman, can adhere to its uncompromising line.

Neither the trade unions nor BL management would want a confrontation over the riot at Longbridge, which must be an embarrassment to both sides. The 1,500 strikers who meet in Birmingham tomorrow will be under considerable pressure to accept the compromise offered. In reality, they face the choice between returning to work or embarking upon a strike which will result in the short term in their dismissal and, in the longer term, in the possible collapse of BL's volume cars division.

Letters to the Editor

Accounting

From Professor D. Myddelton

Sir,—The Inland Revenue rightly argues that the cost of sales adjustment in accountancy standard 16 would introduce into the calculation of tax "an unacceptable degree of subjectivity." It would introduce the same thing into published accounts.

British accountancy bodies are reported to have called the Inland Revenue's new proposals for stock relief "an unprincipled nonsense"; but one could apply the same description to current cost accounting, monetary working capital adjustment.

The standard says: "There can be difficulties in practice in identifying, on an objective basis, those monetary assets and liabilities which are part of the net operating assets of the business." It goes on to suggest that cash should usually be excluded in calculating the MWCA. It also says that any cash so excluded "should firstly be set against borrowing when calculating the gearing adjustment." But it has to admit: "Any excess of these assets over the borrowing is not covered by the current cost framework. . . . This situation raises complex issues which have not yet been subject to adequate public debate."

Such an omission is consistent with the Sandilands claim that a pound is a pound is a pound. But that assertion is hardly convincing when the Sandilands pound has already lost nearly two-thirds of its purchasing power since January, 1974.

In any event there was an important public debate on CCA in July 1977. That meeting resolved that the members of the English Institute "do not wish any system of current cost accounting to be made compulsory." The council of the English Institute lost the debate, and chose to ignore the result: but that doesn't mean it never took place. At that same meeting the council's position was explained clearly—indeed, with appalling frankness. The council accepted the need for a system of accounting for inflation, and accepted that current cost accounting is not such a system: but nevertheless continued to recommend current cost accounting.

Has a single member of the council of the English Institute ever disclaimed this example of what could, I suppose, be called unprincipled nonsense?

(Prof.) D. R. Myddelton.
Cranfield School of Management.
Cranfield, Bedford.

Opportunities

From Mr. B. Stoneham

Sir,—Mr. N. Carr (December 24) is typical of the rather negative but schizophrenic attitude towards the public sector industries in this country, which is so pervasive and so damaging.

The public sector is often the butt of criticism for its inefficiency, its lack of enterprise and its failure to meet consumer requirements. But it can never win. For as soon as it appears to defy all these criticisms in particular sectors, either the call goes up for "hiving-off" or else its competitors in the private sector run an "unfair competition" scare. If you really want to encourage innovation and enterprise in the public sector, you surely do not go round threatening to sell it off as soon as it is successful.

All large companies have their successful and their unprofitable parts. Surely if we have an interest in promoting innovative management, we do not deny them the opportunity to develop such skills in the fringe activities such as Sankey in relation to the National Coal Board. Nothing would seem more healthy for individual NCB managers than to be subjected for a period, as part of their management development, to the competitive market pressures of the building supplies/do-it-yourself sector.

The Government's policy towards the public sector, which reflects in part the aspirations of Mr. Carr, is damaging in that it is likely to discourage innovation and enterprise amongst public sector management: it will deter them from developing new markets in related markets, and more indirectly it will discourage decentralisation of management decision-making and responsiveness to consumer demands in the public sector. For the more self-contained profit centres there are, the more targets there will be for possible hiving-off; and these attacks misdirect attention from the real problem areas for policy-makers dealing with the public sector.

The principal problem at the present time is that most of the innovative parts of the public sector are currently starved of capital. So how can more flexible means of investment be found for those activities within the public sector, which do not impinge on the Government's determination to restrict the public sector borrowing requirement at the expense of productive public sector investment? There is also a related problem of how can purchasing strategies in the public sector be better planned and harnessed at a time of recession, to stimulate those manufacturing industries such as mining equipment supplies, electronic and railway engineering, where we have competitive potential, and yet these industries are currently making people redundant?

Fighting out-moded ideological battles will only take us back into the past, rather than facing what could be, in the majority of the nationalised industries, a very bright and very vital future.

Ben Stoneham.
6, Rochester Road NW1.

Oil

From Mr. M. Quinlan

Sir,—Mr. D. Officer (December 30) might be interested in an oil company claim that gasoline in the UK is cheaper now than in the early 1970s, in real terms. He might know that, prior to the new production tax, the Government "take" of North Sea profits was between 58 per cent and 87.4 per cent (depending on the field in question); that this revenue is available for general Government expenditure and thus effectively reduces the need for other taxation (on individuals or industry). This, one imagines, is fairer than a subsidy on the selling price of just one commodity (gasoline).

It seems amazing however, that this Government, its predecessor, and the British public have all failed to address the question of how oil revenues should be used constructively. At present they are backing out of the need for other taxation. But what will happen if, in ten or 15 years time, oil production declines below the self-sufficiency point? If we are still not competitive industrially, our economic prospects could be worse than they are now.

Martin Quinlan.
207, Daniells
Welwyn Garden City,
Hertfordshire.

Airports

From the Director,
Nottinghamshire Chamber
of Commerce and Industry

Sir,—Mr. D. Odling (December 24) suggests that the right place for "London's" third airport is Birmingham. He is right to challenge the concept of the next major airport development being in the London area. The time is long overdue to destroy for all time the twin myths that only those in the South East fly and that major airport development must be concentrated in the London area. But he is wrong to suggest that Birmingham should be the site.

The East and the West Midlands are the heart of England. That is where the true wealth is produced. This is where the next major airport should be situated so that central England and further afield can be accommodated. The East Midlands Airport, alongsides the M1 Motorway, within an hour's run of most of the industry and commerce of central England, as far south as Northampton and as far north as Leeds, is the ideal spot. If accessibility to the centre of London is as important as is sometimes suggested, when electrification of the St. Pancras line is complete the East Midlands Airport will be as close in time as is Heathrow; and closer than other suggested sites. Moreover the East Midlands Airport is not hemmed in by housing. There is an abundance of room for expansion.

All that is needed to make the East Midlands Airport a truly international airport serving the real needs of England is a proper appraisal of those needs by the Government and the end of the obsession with London.

Ronald G. Walton.
The Nottinghamshire Chamber of Commerce and Industry.
60, Station Road,
Sutton-in-Ashfield,
Notts.

Smoke

From the Director
Timber Research and
Development Association

Sir,—Mr. A. Hagger asks (December 29) whether there is any statistical evidence of a higher incidence of fires in timber frame houses. The answer is "no."

Most fires start in and are fed by the contents of a dwelling, not its structure. It is therefore inevitable that each type of house, be it brick built or timber frame, will get its proportion of fires. Most fatalities in fire are due to the inhalation of smoke and similar poisonous gases arising from the burning of the contents.

Building regulations recognise the fact that fires generally start within the contents of the house and therefore have as their main objective to contain the fire so that it does not spread. Current methods of timber frame housing design have no problems in meeting building regulation requirements with regard to fire.

Mr. Hagger goes on to refer to fires in local authority housing in South Wales in the first week of November. No doubt this week also saw the average number of fires take place in all types of houses throughout the country with the average number of fatalities, but because it is a relatively unfamiliar form of construction only the timber frame fires were deemed newsworthy! All the investigations which have followed the South Wales fires have shown that the timber frame structure of the houses including the party separating walls, remained intact and did not in any way contribute to the fire. The officials concerned with housing in the area have emphasised their continued confidence in timber frame construction in interviews with representatives of the local Press.

The timber frame housing industry is very conscious of the fact that the public must be protected from fire risk to the structure of dwellings and is confident that the present regulations will accomplish this and that timber frame dwellings present no greater fire risk to the occupants than any other form of construction.

J. G. Sunley
Timber Research and
Development Association,
Hughenden Valley,

Railways

High Wycombe, Bucks.
From Sir J. Farquharson

Sir,—Mr. Seymer (December 23) has too readily accepted that rail staff per train ride is a correct measure of productivity. On this basis BR's performance is about the same as the average of the nine Continental systems.

The average BR passenger load however, is 90 about 82 per cent of the Continental average while the average freight load is 202 tonnes about 73 per cent of the Continental average. In terms of saleable output (passenger-kilometres and tonne-kilometres) *per capita* output on BR has to be raised by about 25 to 30 per cent to reach the average Continental level. This could be achieved by carrying more traffic or reducing staff or by a combination of these two factors.

Adequate investment in rail services will be justified when BR can show that significant progress is being made to match Continental performances.

(Sir) James Farquharson.
Kinclune,
Kirriemuir, Angus.

CHRISTMAS QUIZ ANSWERS

1.—(a) Alexander Graham Bell (b) Sir Hartley (now Lord) Shawcross, in April 1946. (c) Winston Churchill.

2.—Stanley Baldwin just after the end of the First World War. He announced the project anonymously in a letter to The Times, signed FST.

3.—Denis Healey in 1955 and 1960 respectively.

4.—In 1917 during a disagreement between Treasury officials (including Keynes) and Lord Cunliffe, the Bank of England Governor. Bonar Law, the Chancellor, seriously contemplated transferring the Government's account to a joint stock bank. The crisis was defused when the directors of the Bank nominated a new Governor in place of Lord Cunliffe.

5.—Denis Healey.

6.—Nigel Lawson.

7.—Filippo Pandolfi, the former Italian Finance Minister. His place as chairman of the International Monetary Fund interim committee was taken by Hannes Androsch, the Austrian Finance Minister who has just resigned.

8.—Sir Geoffrey Howe and John Biffen.

9.—The Treasury changed its forecast of the current account of the balance of payments from a likely deficit of £2¾bn in 1980 to a projected surplus of £2bn.

10.—Kit McMahon, the new Deputy Governor of the Bank.

11.—(a) Dr. Jelle Zijlstra of the Netherlands. (b) Mr. Ali Reza Nobari of Iran. (He was sacked just before Christmas.) (c) Mr. Haruo Maekawa of Japan.

12.—Spain deposited about $560m of its gold reserves in Moscow in 1936 as security for payment of Russian arms and aircraft for the Spanish Civil War. The gold was never returned.

13.—Royal Navy cruisers escorting the King's ship were carrying large amounts of Britain's gold for storage in Canada. This was the prelude to the secret "Operation Fish" the following year, when Britain's entire gold reserves were shipped across the Atlantic for safe-keeping in North America.

14.—This was the message cabled by Ernest Harvey, the deputy governor of the Bank of England, to the convalescing governor, Montagu Norman, in September 1931 just before Britain left the gold standard.

15.—All three moved gold reserves to securer places to avoid confiscation by their enemies. Alexander shifted gold plundered from the Persian palaces of Darius III to his treasury at Hamadan. Jacques Rueff, deputy governor of the Banque de France, kept the Bank of England in touch with French moves to move gold out of the country before the German occupation (in the 1960s he advised President de Gaulle when the General moved France's gold back from America again). The Ayatollah Khomeini was the guiding force behind Iran's transfer back this year of gold holdings stored in the U.K. and Switzerland.

16.—(a, b and c) The Bank of International Settlements in Basle.

17.—The European Fund for Monetary Co-operation is nothing more than a brass plate on an unoccupied office near Luxembourg's railway station. This Fund is the formal holder of gold reserves worth about $50bn deposited with it by EEC central banks

18.—The Wozchod Handelsbank, the Zurich-based Soviet trading bank which handles Russian precious metals transactions, used this slogan in a UK advertising campaign

19.—The D-mark denominated "Carter bonds" were issued by the U.S. Treasury to add to America's reserves and help shore up the dollar. The dollar has lately been so strong on the foreign exchange market that the U.S. authorities have been able to buy D-Marks at a much cheaper rate to cover all their outstanding liabilities on the bonds, which will be repaid from the end of 1981. The Reagan Administration will see quite a large profit on the deal.

20.—In March, 1939, Czech officials in German-occupied Prague instructed the Bank for International Settlements to transfer a Czech gold deposit of £6m, held at the Bank of England, to the account of the German Reichsbank. The Bank complied, setting off a furious political row. After the war, the U.S. called for the BIS to be wound up. But the gold had never left London. The Reichsbank kept it in its account at the Bank of England, only to have it frozen at the outbreak of war.

21.—A consignment of East German silver bound for Tilbury Docks was hijacked on the A13 at Barking in March 1980.

22.—One of the conditions for a U.S. loan during Lisbon's foreign exchange crisis of the mid-1970s was that Portugal should sell part of its gold reserves. This was the main factor behind large Portuguese gold sales of over 100 tonnes in 1977.

23.—More than 30 tonnes of gold were smuggled out of Turkey into Switzerland via Bulgaria last year in exchange for much-needed hard currencies. This led to a big increase in Bulgarian exports to Switzerland.

24.—Hyacinth in the Princess Casamassima, by Henry James.

25.—Henry James for the Princess Casamassima. (The claim is made by Leon Edel in his introduction.)

26.—(a) RIG is the name for "restricted interest gilt-edged security" devised by the Treasury. It was to be limited to institutions such as pension funds so that it could not get into the hands of overseas holders. (b) It was vetoed at the last moment by Sir Geoffrey Howe, the Chancellor. (c) The advice came from Mr. Gordon Richardson, Governor of the Bank of England. (d) Your guess is as good as mine.

27.—(a) Daisy Buchanan in The Great Gatsby. (b) Scott Fitzgerald and Ernest Hemingway, respectively.

28.—George Bernard Shaw.

29.—J. M. Keynes.

30.—J. K. Galbraith.

31.—Adam Smith.

32.—Edward du Cann.

33.—The Bank for International Settlements in its annual report.

34.—Written by R. A. (now Lord) Butler, referring to Hugh Gaitskell, his predecessor, and the term Butskellism.

35.—(a) Harold Macmillan. (b) James Callaghan. (c) Anthony Barber. (d) Selwyn Lloyd.

36.—All were shareholders in the BIS in the 1930s.

37.—The West German Bundesbank — it overshot its target each year during 1975-78 and has slightly undershot it this year.

38.—Mr. Waddell is the Anglo-American mining executive whose recent presence at a Moscow operatic performance sparked off fresh speculation about possible links between South Africa and the Soviet Union on the marketing of gold and other precious metals.

39.—The first three are members of the IMF. The last three are not.

40.—Iraq has made no figures on gold reserves available to the IMF since 1977.

41.—Karl Otto Poehl, president of the Bundesbank.

42.—Dr. Arthur Laffer, who has proposed a return to dollar-gold convertibility.

43.—Prof. Alan Walters.

The compilers of the Christmas Eve quiz always recognised that the questions had a rather esoteric appeal. The best equipped person to reply would be a central banker, a gold buff, or someone with a bizarre knowledge of quotations and the 1930s. But Lord (Montagu) Norman is, unfortunately, no longer in a position to compete, Mr. Gordon Richardson has maintained characteristic discretion and other qualified entrants have been too busy celebrating the winning of ITV franchises or preparing their bids for The Times.

The quiz certainly intrigued and frustrated a lot of people, to judge by casual comments in the past 10 days. One distinguished member of the Financial Times staff was so immersed that he missed his tube station by two stops. But the mixture of questions obviously proved to be too forbidding when combined with turkey and Christmas pudding and nothing remotely like an acceptable set of answers was received.

THE HAMBURGER BOOM

Fast food bites Britain

By Andrew Fisher

WALK FROM one end of Oxford Street to the other and you will start and finish at a McDonald's, give or take a few shops. On the way, you will pass a Trumps, a Wimpy, a Wendy, and a Hungry Fisherman. For while continuing to be the home of several dignified department stores, Oxford Street has also become the ultimate in prime sites for Britain's accelerating fast food industry, as these and several other restaurants in nearby streets testify.

With their relentless efficiency, frenetic pace and restricted cheap menus, fast food outlets represent the last word in modern High Street catering, the restaurateur's approach being superseded by that of the retailer. In the U.S., the industry is well established and has even shown uncomfortable signs of middle-aged inertia in the late 1970s.

On the less developed UK scene, new entrants have been crowding in rapidly. Big Mac (McDonald's), with a fifth of the U.S. market, has been in the hamburger business over here for seven years now, while Wimpy—still trying to polish its outdated image—has been around for a lot longer than that in Britain.

Both are leading figures in the fast food market in the UK, but other large American and British companies, often in partnership, have decided that the eventual returns are worth the heavy investment in sites, equipment and training, and are moving in with various degrees of boldness. Also well-established, and recovering from a lacklustre performance in the late 1970s, is Kentucky Fried Chicken, another U.S. catering giant.

Most people in the industry profess to be glad that others are entering it, though clearly not from any sense of altruism. But they are also concerned that customers are not given the idea by an unscrupulous few that fast-food simply means greasy hamburgers, soggy chips and sloppy service.

According to the stockbroking firm of Scrimgeour, Kemp-Gee, the fast food market in Britain may have been worth around £750m in 1979, or nearly 30 per cent of all food eaten outside the home. This, of course, is way behind the $25bn (£10.7bn) spent in the U.S., where the number of outlets has soared since 1974 from 36,000 to over 66,000.

It is not only the obvious hotel and food companies like Grand Metropolitan, Trust House Forte and Tesco which have been dipping their toes into Britain's fast-food market. Bejam, the frozen food group, and even the British School of Motoring are there as well. Management Agency and Music (MAM) has signed a £6m franchise deal with Burger King of the U.S.

Scrimgeour analyst Mr Nick Bubb, who recently wrote a detailed study of the industry, estimates that the annual growth of the fast food sector over the past five years has been around 30 per cent. If this trend continues, the proportion of total food spending accounted for by meals away from home could approach 20 per cent by the mid-1980s compared with little more than 16 per cent at present.

McDonald's, which has opened 50 establishments in the UK, and is poised to attack the provinces, has clearly had a head start over its rivals in the fast food sector. Wimpy, now part of United Biscuits, is striding energetically into the counter-service style of operation made popular by Big Mac, but most of its outlets are still of the older cafe-type which have held its image back for some time.

"I didn't expect to get seven years," says Mr. Robert Rhea, McDonald's larger than life managing director for the UK, of the time taken for rival operators to start serving fast food. "There's no doubt that the consumer wants this industry. He wants this limited menu, fast service approach, with clean surroundings."

But, he warns, "the customer is very fickle. He's not going to spend his money more than once if he doesn't like the place." In the U.S., people are more likely to give a second chance. The British, however, are less willing to do this, feels Mr. Rhea.

McDonald's, backed by the vast financial resources of the U.S. company, has invested heavily in Britain, concentrating on the area served by the London commercial television stations, with which it is a heavy advertiser. Mr. Rhea himself, a former Big Mac franchisee in the U.S., owns 45 per cent of the British company, with the U.S. group owning the same. The balance is held by a former Burton Group property director, Mr. Geoffrey Wade.

To date, McDonald's has spent well over £30m on establishing its familiar golden arch logo on London's High Streets. Soon, its hamburgers will be on sale in Birmingham and later in Manchester where the geographical emphasis will again be on the individual regions served by commercial TV.

Because fast food restaurants, or stores as many operators call them, have to be on the High Street to attract enough customer volume, the average cost of building and equipping a McDonald's unit falls not far short of £500,000. Asked about profits, Mr. Rhea becomes coy. "At current interest rate levels, profits are a very elusive thing. If profits are not there, its because of the interest rates."

Wimpy, which has always been a large franchiser, is also spending heavily in Britain on the counter-service style of operation that the coming of McDonald's has made so popular. Its jazzy new outlet on Piccadilly Circus, opened a few weeks ago, cost around £1m. It spent only slightly less on its unit in Oxford Street, where Bejam also invested around £900,000 opposite Selfridges department store on its Trumps hamburger operation.

Altogether, it has 12 modern counter-service restaurants—there are 560 Wimpy outlets across the country—of which only two are franchised. Mr. Peter Smale, the marketing director, reckons that at least 60 prime trading sites in the UK have no Wimpy at all: a further 50 or so existing Wimpys could be converted to the new image.

He admits that McDonald's provided a major impetus in the market. "They did what Wimpy was trying to do, but did it so much better." Under the wing of United Biscuits, which paid £7m for Wimpy International three years ago, the company has been making a determined effort to catch up. In fact, its slogan is "Wimpy, the home of the hamburger."

Nonetheless, he adds, fast food "is not the bonanza that everyone thought it was—the market potential is enormous, but it's harder than people think." To break even on its Piccadilly store, weekly takings have to be at least £30,000, equivalent to over £1.5m a year.

Over the last few years, he estimates, United Biscuits has sunk around £20m into Wimpy, taking in the original purchase price, the £4m paid later for Empire Catering (the largest Wimpy franchisee), investment in new stores, heavy advertising, the new headquarters and back-up services.

Unlike Americans, the British have not been quick to take to the idea of fast food—with the obvious exception of fish and chips—which can be taken to mean meals eaten with the fingers (whether hamburgers, chicken, or fish) but is more usefully defined as anything served in under five minutes, costing £1 to £1.50 on average, and from a menu offering little choice.

People in Britain just like to take more time over their food, says Mr. Dennis McDermott, managing director of the UK end of Wendy's, the large U.S. hamburger chain which has just opened up on Oxford Street. Wendy's was partnered in Britain by Grand Metropolitan which has just sold its half-share to the U.S. company. Grand Met is also in fast food through its Huckleberry's venture, the result of a franchise deal with Burger Queen of Kentucky.

The Wendy restaurant in London—the name Wendy's is not being used over here for American copyright reasons—is aimed chiefly at the over 25s who have less of a taste for fast foods, or a desire to eat with their fingers, than those in the 16-25 age group.

In the U.S., Wendy's has over 2,000 outlets—McDonald's has 6,000 around the world—and has recently been moving into Europe. It plans to have five restaurants in London by the end of this year and then start spreading across the country.

Harbouring no such grandiose ideas as yet is Bejam, whose home-grown operation has yet to be translated into profits for the group. With six Trumps hamburgers bars and four Hungry Fisherman units (updating the original fast food of all, fish and chips), the company is still feeling its way compared to the major U.S. fast food groups. But it has, nonetheless, committed itself in a more determined way than some of its UK rivals.

Bejam entered the fast-food business around the time it bought a chain of restaurants from EMI. Some of the sites were used to open up Trumps and Hungry Fisherman restaurants.

Whatever one may think of fast food, it is clearly here to stay. Moreover, Britain apparently has a good deal of catching up to do. It has been estimated that around a third of U.S. adults eat out every day, with 28 per cent grabbing a bite at a fast food outlet. In Britain, only a quarter of adults eat fast food more than once a week.

Having let McDonald's virtually steal the market from under their noses, British companies are now flocking to fill the fast food gap. Trusthouse Forte has extended its Julie's Pantry fast food operation from the motorway to Knightsbridge, with more to come, while British School of Motoring has teamed up with a Scottish baked potato chain with the improbable name of Spud-U-Like.

In the fast food game, it is profit rather than palate that counts.

Weekend Brief

'Down at the old Aristotle'

It was seven minutes past Auld Lang Syne at the Essex local and the boys in the public bar were singing "Fings Ain't Wot They Used T' Be." It was an ironic choice, because 1981 may be the year when the English pub moves more and more back to what it used to be.

The latest move on the road back is the return of the Jug and Bottle Department—the J and B or the Aristotle, according to where you were educated. Usually, it was a little room furnished with a couple of wood benches where customers could wait to buy draught beer to drink at home. And the prices were lower than those charged for drinking on the premises.

Anyone who grew up in a working-class district before World War II will remember the ladies, if not positively Hogarthian, looking like Coronation Street's Hilda Ogden on a bad day, hugging their cracked jugs decorated with pictures of Blackpool Tower and then hiding them with a "serviette" as they hurried home through the streets with the family pint.

Flo, an old Hampstead woman, remembered when as a little girl before World War I going home with foaming jugs each Sunday for the local blacksmith to entertain his clients—grooms from the big houses—in the family's front parlour.

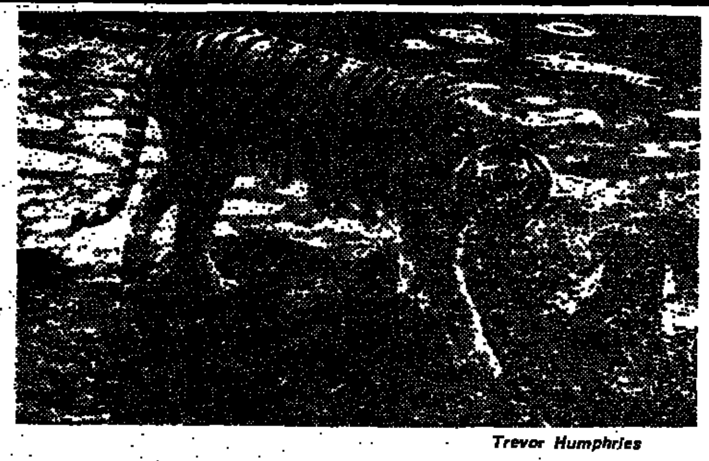
It will never be quite like that again. But a lot of seasoned drinkers are welcoming the return of the J & B with a new middle-class image. Beer-lovers, it seems, are rebelling in increasing numbers against the big tins of draught beer, and the small packs of canned beer, too. "I like beer that tastes like beer, and not tin," said a supporter of the Campaign for Real Ale (CAMRA).

CAMRA, the National Union of Licensed Victuallers and the Brewers' Society are all supporting the return of the J and B. CAMRA, of course, is anxious for people to take home what they call "real ale" and has launched CART, the Campaign for Real Take-Home.

For customers without a suitable jug, some publicans and breweries are providing plastic containers, which can be bought once and replenished at will. The Sussex brewers, King and Barnes, were first in the field providing publicans with half-gallon and gallon plastic jars to sell to customers. Greene-King, the Ipswich-based makers of "real ale" such as Abbott, followed with three-and-a-half pint plastic jugs and later Scottish and Newcastle became the first of the giants to test-market a jug and bottle scheme.

A lot of publicans regard the scheme with a kind of friendly cynicism. "Oh my God!" said an East London veteran. "The brewers have managed to ruin the traditional English pub in the last 15 years and now they're admitting they're wrong. And the publican has had to pay for their mistakes. Perhaps the next step is fewer poor man's discos packed with kids drinking half pints."

Maybe the return of the J and B, even in its plastic form, will lead to further delights for the real pub-lover. The East London publican added: "Of course, you don't have to buy the plastic containers. If you've still got a cracked jug with a picture of Blackpool Tower on it, we'll fill it for you."



Trevor Humphries

"Malaysia did not foresee the tigers eating the cattle"

Tiger, tiger burning bright

The Malaysian Government no doubt expected problems when it agreed to set aside more than 4,000 sq miles of jungle for rural redevelopment. But did it foresee tigers eating the cattle, elephants trampling the oil palm, and civets devouring young cocoa plants?

The Government decided in 1972 to devote a 2.2m-acre tract of jungle in Pahang peninsular, Malaysia's largest State, for a novel scheme in development.

The plan was to transform the area, called Pahang Tengara, establishing more than 30 townships, clearing 300,000 acres for commercial oil palm, 260,000 for rubber forests, and 80,000 for rubber. Two large game reserves were planned, as were small areas for livestock farming, and tea and cocoa plantations.

By 1990, the area should accommodate 200,000 settlers, most of them young families who would otherwise drift from their rural kampongs to the bright lights of Kuala Lumpur and Singapore.

At present, just 90,000 have settled. Clearly the attractions of steady jobs, good salaries and cheap housing have been outweighed by some of the unusual problems faced by new settlers.

Tony Clayton, the manager at Darabip, a 6,000 acre livestock farm, is tackling the farm's second outbreak of foot and mouth disease in two years. He also has the nagging, but costly worry of tigers.

During the past year, tigers have killed more than 100 head of cattle—worth US$100,000. Electric fences and fireworks have failed to keep the unwelcome nocturnal visitors away from what they must think are easy prey. As protected animals, tigers cannot be shot. At present, the Malaysian Government's tiger unit is conducting night-time sorties in a bid to catch them for game reserves.

Nearby, wild elephants have eaten or trampled large areas of oil palm. Damage in the past year in Pahang Tengara is put at $2m. The problem is simply that the newly cleared plantations have cut straight through the elephants' home terrain. As they travel through the remaining riverside jungle, they simply move in on any estates in their path.

Farmers in the area are waiting for the government, come to their aid by moving a team of "trained elephants" into the area. The tame elephants infiltrate the wild elephant herds and lead them back to spots where they can be rounded up by wardens and shifted to game reserves. At present, the team is busy catching wild elephants in western Malaysia, and no date has been fixed for their arrival in Pahang Tengara.

Young cocoa plants have also fallen victim to wild civets, squirrels and rats, though no figure has been put on the damage they have done.

Balloons under pressure

By Twelfth Night — Tuesday — over 200m or so balloons worth some £5m at retail prices will have been inflated and burst as part of the seasonal celebrations.

But the British industry is now worried that its balloon may soon be punctured. The fear is that cheap imports from Mexico and the Far East may drive British manufacturers out of business. West German balloon makers are also believed to be poised to enter the UK market in a big way.

Cost per balloon is a critical factor. With an average selling price of about 2p — which has to include VAT and the retailers' profit margin — this leaves the manufacturer only a fraction of a penny to produce the balloon and make a profit.

In the past, balloon-making has been largely a "cottage" industry, with many of the production processes carried out by hand. But in recent years the major British producer, LRC Products—formerly the London Rubber Company and now the consumer goods division of the publicly-quoted LRC International—has installed highly automated equipment at its factory in Lydney, Gloucestershire, in a bid to reduce costs. LRC can produce up to 8m balloons a week, under the "Ariel" trade name, and has almost three quarters of the British market, as well as exporting to the U.S. and the Continent.

LRC's involvement in balloons came as a result of its extensive expertise in other forms of "extruded rubber technology" — most notably contraceptives and house gloves.

However, LRC has attempted to fend off foreign competition not only by reducing its unit costs through automation but also by seeking to change the British consumer's balloon buying habits. Rather than putting all its balloons into one basket at Christmas, the company is seeking to encourage retailers to stock balloons all the year round

LRC trying to add to the appeal of the products by using such methods as printing Disney characters onto them — but also by making balloons a higher-value product. Through the wonders of rubber technology, LRC can produce balloons of quite complex shape which sell at a higher price under such individual names as "Konky Clown" or "Katy Pillar."

Contributors
Alan Forrest
David Dodwell
David Churchill

UK COMPANY NEWS

● NEW COURT SEEKS USM QUOTE

Midway profits rise 58% to £0.34m

BY IAN RODGER

New Court Natural Resources, the Rothschild-backed company which invests in U.S. oil and gas properties, is seeking a quotation on the Stock Exchange's Unlisted Securities Market.

NCNR yesterday reported interim pre-tax profit ahead 58 per cent to £343,000 and earnings per share up 56 per cent to 0.92p. The shares, which have moved from 45p last July to a high of 120p last month in often active trading under Stock Exchange Rule 163 (2), gained 3p yesterday to 86p.

The group has the distinction of having seen the potential of the U.S. oil and gas play early in 1979, more than a year before it became a British investment community fad.

NCNR is also remarkable as one venture in which the two branches of the UK Rothschild family, whose feuding burst into the open last September, have maintained a happy relationship.

The company was formed in 1973 by N. M. Rothschild and Son with the intention that it became a closed end trust specialising in energy-related investments. RIT was the largest shareholder with a 10 per cent interest. Four years later, after an indifferent profit record, the shares were depressed and the market for them almost non-existent. Rare trades were made in the first half of 1977 at 45p and 80p compared with a net asset value of about 110p.

Under a scheme of arrangement in August, 1977, all but one of the group's listed investments, two of its unlisted investments and £10.36m in cash—the whole worth 89p a share—were transferred to a new unit trust, New Court Energy Resources Trust. NCNR shareholders were given units in the new trust on the basis of 0.85 units for every share held. The units today are worth about £2.20.

NCNR kept a portfolio of seven fledgling oil service and equipment ventures that had been built up by Mr. Clive Richards, who had been chairman of the company's investment committee. Mr. Richards, who was successively an RIT director and finance director of NMR, resigned as an NCNR director early in 1977.

Although the portfolio was valued by the directors at 21p a share at the time of the scheme of arrangement, NCNR shares traded at a low of 6.5p a share in October, 1977, following completion.

The portfolio was gradually sold or written off over the next two years except for a stake—now held indirectly—in a French manufacturer of flexible drilling pipe.

The company made its first investment in U.S. oil and gas in March, 1979, buying for $3.23m net proven or probable reserves amounting to 2.75bn cubic feet of gas and 382,500 barrels of oil spread over 474 wells.

"The directors believe that in the wake of world events, and in particular, those in Iran, domestic oil and gas prices in the United States are likely to rise to international levels," Mr. Alistair Macleod Matthews, the chairman, explained to shareholders in the 1978-79 annual report.

Mr. Macleod Matthews, a retired assistant general manager of BP for exploration and production, and consultant to NMR, added yesterday that another advantage of acquiring producing properties was that as oil prices rose, it often became profitable to recover further quantities hitherto not counted as reserves because of the high cost of recovery.

That, of course, has been part of the rationale behind Shackleton Petroleum and other North American oil and gas investment funds that attracted many City speculators last year. However, Mr. Macleod Matthews said that while many drilling funds had been put together by financiers who had taken fees, "we are a plain limited company and we buy the freeholds directly."

The market has quickly responded to NCNR's strategy, bidding the shares up to almost double their underlying asset value. In the report for the year ended on March 31, 1980, the company showed net assets of £9.2m or 46.2p a share, after adding $7.7m on the basis of an independent evaluation of reserves carried out in July, 1980. The market capitalisation is £17.2m.

One investor that has remained a loyal follower is RIT, which built up its stake in NCNR to 20 per cent last year although it has recently taken profits and reduced its holding to 16.5 per cent.

Although the six-member NCNR Board has two NMR representatives, not including the chairman, Mr. Francois Mayer, managing director of RIT, became a director early this year and Mr. Macleod Matthews insists there is no discord. "We are all happy here."

The USM quotation is likely to be arranged by the end of the month but Mr. Macleod Matthews declined to say whether or not any new shares would be issued.

"We have always got raising money in mind. We have lots of good opportunities to use it."

Assam sells three properties

Assam Trading (Holdings) has sold three of its Edinburgh investment properties to institutional investors since last October.

The office properties at Abercromby Place and Coates Crescent were sold for £420,000 cash. The company has completed the sale of the Melville Street/Manor Place property to a major pension fund for £780,000 cash.

Last February the properties were independently valued at a total of £1.1m.

Transatlantic & General makes investment switch

TRANSATLANTIC and General Investments, a £2½m investment trust managed by M and G and owned almost entirely by M and G administered funds, intends to realise part of its holding in the M and G Dividend Unit Trust to increase the emphasis on North American growth companies.

About 65 per cent of Transatlantic and General's portfolio is invested in North America, with the rest divided between M and G Dividend Fund and the income shares of M and G Dual Trust, a split capital investment trust.

T and G said yesterday that for sometime it had been switching from leading U.S. companies to smaller capital growth stocks. The latest change would result in a reduction of the level of franked income received by the company. A total dividend of 7p per share net (6.5p) has been forecast for the year to end March.

GLOBE INVEST.

Globe Investment Trust, an Electra House company which has net assets of well over £300m, has arranged a $50m (£21m) multi-currency loan facility with The Bank of Montreal.

BIDS AND DEALS

ABM German disposal

Associated Biscuit Manufacturers is selling its German confectionery subsidiary and largest German operating company to August Storck KG Halle of Westphalia for more than DM 7.5m.

However, the specialist confectionery company Dragees aus Weseke GmbH is being retained within the Associated Biscuits group.

August Storck is buying Associated Biscuits GmbH and its largest operating subsidiary, the Dickmann Group, for DM 10.25m, less the excess of current liabilities over current assets at December 31, 1980. The consideration will be settled by way of DM 2.848m of loans taken on by the purchaser and the balance in cash following the audit of the 1980 accounts.

Losses of the business being sold are expected to be in excess of £1m for 1980.

BLUE CIRCLE

Blue Circle Industries now controls 97.8 per cent of the shares in Armitage Shanks, the sanitaryware group for which it made a second bid after clearance from the Monopolies Commission.

The cement company's bid went unconditional early in November, but the Lebanese-owned Ceramics Investments, Armitage's major shareholder with nearly 29 per cent, only signalled its acceptance a few days ago.

Blue Circle's offer remains open and the balance of the shares in Armitage will be acquired compulsorily.

ASSOCIATES DEAL

Laing and Cruikshank, as brokers to Ferguson Industrial Holdings, purchased 50,000 Gosforth Industrial Holdings ordinary shares at 41½p on December 30.

Fraser faces further Lonrho attack

LONRHO, the largest shareholder in House of Fraser, the stores group which owns Harrods, has told Fraser shareholders that it will criticise Board decisions if it considers them to be bad.

The warning is given in a circular signed by Mr. Tiny Rowland, Lonrho's chief executive, which has been sent to Fraser shareholders. Dated December 31, the circular represents another round in the battle between Lonrho and House of Fraser over Fraser's intention to sell and lease back its D. H. Evans store in a deal with Legal and General.

Lonrho is seeking to block the deal through an ordinary resolution which is to be put to Fraser shareholders at an extraordinary general meeting later this month.

In the circular, Mr. Rowland says: "We will continue to criticise and actively oppose decisions made at board level which we consider to be bad and adversely to affect House of Fraser's future and for which directors are accountable. We will obviously support the good proposals in the most peaceful way."

On the D. H. Evans deal Mr. Rowland says that in the cold light of day "there is no 'sale.' In effect, House of Fraser is going to 'borrow' money and pay it back at unspecified rates for 125 years and lose the freehold of D. H. Evans. It is mortgage in reverse—you begin by losing the freehold, and then pay, and pay, and pay."

He adds: "The terms are onerous, and fall not on the weakening D. H. Evans but on the assets of your entire company."

Mr. Rowland tells shareholders that a previous House of Fraser circular "seems to suggest that the board are hardly able to cope with the Christmas season because of our criticism of the forthcoming loss of a large block of Oxford Street. Our intervention has had no adverse repercussions on the company. The share price remains high."

SHARE STAKES

Martonair International — Interest of G. Godwin was reduced by 50,000 shares on December 22.

Archimedes Investment Trust — Courtaulds Pensions Common Investment Fund's interest in income shares has been reduced to 225,000 (18.4 per cent of such shares and 6.1 per cent of the total share capital).

M and G Group (Holdings) — D. H. L. Hopkinson, director, acquired 5,000 ordinary shares at 235p on December 23. He is also interested in 5,592 ordinary shares together with 1,000 such shares, halfpenny paid, and 5,000 such shares restricted as to dividend.

M. P. Kent — M. P. Kent, director, has disposed of 100,000 shares at 78p leaving holding 5,250,000 shares (24.47 per cent).

Energy Finance and General Trust—Following directors have either personally or from other beneficial holdings sold the following amounts of 8 per cent conv. unsec. loan stock, nil paid: E. D. Barkway 170,104; H. I. Hicholson 4,000; J. V. Woollam 18,927; J. D. Robertshaw 31,810. The stock has been placed by the company's brokers with a number of institutions.

Pearson Longman—Disposal of 232,407 shares, in which Hon. C. P. Gibson, director, had a notifiable interest.

Stylo Shoes—Rochdale Canal Co. has increased its holding of ordinary shares to 837,000 (8.4 per cent).

Homfray and Co.—Sun Life Unit Assurance has reduced its interest to 250,000 shares (1.62 per cent). Sun Life Assurance Society, as parent company of Sun Life Unit Assurance, is also interested in these shares.

Tor Investment Trust—Pegasus nominees have acquired 25,000 income shares making holding 160,000 (4.25 per cent).

Normand Electrical Holdings —Mr. G. C. Papworth, director, disposed of 31,249 ordinary shares.

Parambe—Mr. D. T. H. Davenport acquired a further 50,000 ordinary shares (non-beneficially).

Premier Consolidated Oilfields —R. O. Laschelles, director, has disposed of 45,000 ordinary reducing his holding to 10,000 shares. C. Shaw, director, has disposed of 34,546, reducing holding to 40,000.

Barker and Dobson Group—Electra Investment Trust now hold 1,893,000 ordinary shares (7.04 per cent).

N.C.C. Energy — Birmingham and Midlands Counties Trust have purchased a further 54,851 ordinary. This purchase increases their beneficial holding to 13.7 stock units (42.15 per cent).

James Halstead (Holdings) — Mr. J. S. Leach, director, disposed of 62,500 shares.

Brooke Tool Engineering—Charter Consolidated and Central Mining Finance now hold 2,165,235 shares (19.98 per cent).

Concord Rotaflex—Mr M. J. E. Frye, chairman, acquired 75,000 shares.

SPAIN

January 2	Price %	+ or −
Banco Bilbao	253	+2
Banco Central	284	+4
Banco Exterior	229	
Banco Hispano	239	+4
Banco Ind Cat.	120	
Banco Madrid	141	
Banco Santander	290	+6
Banco Urquijo	151	+3
Banco Vizcaya	266	+3
Banco Zaragoza	204	
Dragados	82	
Espanola Zinc	47	
Fecsa	57.5	−2
Gal. Preciados	24	+2
Hidrola	71	
Iberduero	59.5	−3
Petroleos	82	+5
Petroliber	75	
Sogefisa	102	
Telefonica	62	+1
Union Elect.	61	−5

Results due next week

After a runaway start in the first half, English China Clays seems to have slowed down considerably. Clearly, the pace of its 84 per cent advance to £19.1m before tax in the six months to March 31, 1980 could hardly be sustained over the full year. In fact, analysts seem mostly to be assuming that ECC will have done well even to have maintained profits during the second half.

The general range of City estimates is around £34-£35m for the whole of 1979-80, which will leave ECC with no more than a minor advance on the £33.1m reported for the previous year. The company warned when announcing its sharp first-half rise that it would be facing tough competition during a period of lower demand.

ECC also pointed out that this would be occurring at a time of cost inflation and a firm pound, with its obvious effect on exports. Since the recession in the paper industry is now fully established, ECC's prospects are likely to be under a cloud for some time, especially as the over-capacity coming on stream in the U.S. is bound to lead to fierce pressure on margins in export markets.

There appears to be no market consensus on the interim results of Electronic Rentals Group due next Thursday. Analysts' estimates for pre-tax profits at the half-way stage range from £5m to £8.5m against last year's £5.6m, after exceptional items of £3.47m.

It is generally agreed Electronic will have been hard hit by higher interest charges, particularly as a sizeable portion of its debt is tied to London inter-bank rate, which reached record heights during the first half. Analysts differ, however, on the quantitative impact on Electronic's earnings of the general decline in demand for rented TVs. In addition, those at the top end of the range stress Electronic's decision to increase rental charges for the first time since 1977, which could boost margins sufficiently to offset the adverse effect of falling demand on group earnings.

A lacklustre set of interim figures is anticipated from Raybeck, the clothing manufacturer and retailer, on Friday. Estimates for pre-tax profits range between £1m and £2m compared to £3m last year, but could be even worse.

Raybeck has ben very badly bit by falling sales of menswear, particularly at its key outlets in the West End of London. Pre-tax margins on fashion goods supplied to mail-order companies are also under severe pressure.

On the positive side the company has a strong balance sheet with a net cash balance in the region of £6m. A maintained interim dividend appears safe but unless the profit slide is halted in the second half the final payout may be shaved.

McCorquodale, the specialist printing group, which reports its preliminary figures on Wednesday, will have done well if it can equal last year's £4.56m pre-tax profits. At the interim stage profits were 13 per cent up on the previous year and UK earnings had been maintained despite increased competition and higher costs. The second half will have been less cheerful as it will have borne the brunt of the cost of the settlement with the National Graphical Association, a key print union.

Among other companies reporting next week are Howden Group, which is due to announce its interim figures on Tuesday. Hollis Bros and ESA and ERF will unveil their half-year results on Wednesday, while Thursday will bring interim figures from Waddington and H. Samuel.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Baker's Household Stores (Leeds)	Wednesday	0.4875	0.6375	0.65
Barr (A. G.)	Tuesday	1.25	3.0	1.25
Birmingham Pallet Group	Thursday	1.0	2.5	1.0
English China Clays	Thursday	2.1175	2.8825	2.5
Lowe (Robert H.)	Friday	0.665	1.5125	0.665
McCorquodale	Wednesday	2.64	4.87	2.64
North Midland Construction	Wednesday	0.45	1.0	0.65
Pleasurama	Thursday	0.825	4.0	2.0
Sidlaw Industries	Thursday	1.5	5.2217	1.5
Winterbottom Trust	Tuesday	2.3	5.2	3.5
INTERIM DIVIDENDS				
Ailsa Investment Trust	Wednesday	3.5†	4.2	
Black (Peter)	Thursday	1.47	2.78	
City of London Brewery and Inv. Tst.	Friday	1.78¶	2.44‖	
Electronic Rentals Group	Thursday	1.1667	3.143	
E.R.F. Holdings	Wednesday	2.1	2.1	
Hollas Group	Wednesday	2.0	4.0	
Hollis Bros. & E S A.	Wednesday	1.4	—	
Raybeck	Friday	1.131	3.169	
R.F.D. Group	Thursday	0.8	2.0	
Samuel (H.)	Thursday	0.726	5.5245	
Stead & Simpson	Thursday	1.0	2.25	
Technology Investment Trust	Wednesday	1.85‡	2.6	
Waddington (John)	Thursday	5.22	6.68	
INTERIM FIGURES				
British Cinematograph Theatres	Monday			
Investment Co.	Wednesday			
Stavert Zigomala (Holdings)	Monday			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Includes non-recurring dividend of 0.413p. ‡ Includes non-recurring dividend of 0.35p. ¶ Total of first and second interim dividends. ‖ Total of third and fourth interim dividends. § Second interim dividend.

Financial Times Saturday January 3 1981

THE WEEK'S COMPANY NEWS

Bids and Deals

Ceramics Investments, the owner of nearly 29 per cent of the equity in Armitage Shanks, finally decided to accept the Blue Circle bid for Armitage. The decision came nearly 12 weeks after Blue Circle's second bid for Armitage—which went unconditional early in November when Blue Circle had gained 64 per cent of the shares.

Dealings in the shares of Samuel Sherman, the loss-making dress company, were suspended at 10½p on Tuesday after the signing of a property deal. Full details, including the name of the purchaser, will be circulated later.

Record Ridgway, currently the subject of a £4.13m cash bid from Bahco of Sweden, has received an approach from another overseas party which may lead to a higher offer.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder	Final Acc't'ce date
Prices in pence unless otherwise indicated.						
Aberdeen Invs.¶¶	100*	183	86	2.00	Aitken (Eng.)	—
Armitage Shanks	114§§	111	10	30.53	Blue Circle	—
Attwd. Garages¶¶	80*§	68	62††	0.42	British Car Auction	—
Central Man. and Trad.	53	53	40	12.15	Hanson Trust	—
Colmore Invs.	30*	30	30	12.0	Nesco	—
Cornell Dresses	19*	60	124	0.57	Polly Peck	—
Davy Corp.	186§§	168	149	140.5	Enserch	—
Eng. & Overseas Invests.¶¶	11½	13	14½††	1.21	Pentos	—
Giltspur	135†	128	16	25.43	Unigate	—
Evered	29*	24	117	1.28	Francis Inds.	—
Gosforth Inds.	45§§	42	39	8.25	Fergusn. Inds.	—
Hawthorn Leslie	130*	133	107	3.49	Starwest	—
K Shoes	95*	96	80	22.4	C. & J. Clark	—
Laurence Scott¶¶	60§§	56	60	4.15	Mining Supplies	—
Macanie (Lond.)	30*	30	23	0.38	Courtaulds	—
Mallinson-Denny	82§	74½	61½	43.68	Brooke Bond Liebig	—
Record Ridgway	37*	42	20	4.13	Bahco	14/1
Renwick	65	83	50	5.84	AAH	5/1
Royco	60*	55	48	3.00	Benorpark	—
Stocks (J.)	163	147	102	4.07	Fitch Lovell	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on 2/1/81. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Cronite Group	Sept.	36L	(480)	—	(11.0)	1.87	(2.94)
Nash (J. F.)	Sept.	568	(598)	6.5	(9.9)	6.5	(6.5)
Vectis Stone	Sept.	815	(676)	4.2	(4.1)	1.8	(1.45)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Celestion Inds.	Sept.	1,160L	(141)L	—	(—)
Forminster	Oct.	697	(774)	1.68	(1.68)
Grp. Lotus Car	June	314	(839)	—	(—)
Hanover Inv.	Aug.	202	(1)	0.7	(0.7)
Harris (Philip)	Sept.	274	(372)	1.45	(1.45)
Johnson & Barnes	June	230L	(71)L	—	(—)
London Inv. Tst.	Sept.	475	(9)	0.35	(—)
Norton (W. E.)	Sept.	392L	(65)L	—	(0.4)
Pitman	Sept.	293L	(616)	—	(—)
Sekers Intl.	Sept.	69L	(218)	—	(—)
Sherman (S.)	June	60L	(6)L	—	(—)

(Figures in parentheses are for corresponding period.)
* Dividends shown net except where otherwise stated. L Loss.

Rights Issue

Benlox Holdings—Rights issue on the basis of one for one at 30p per share to raise £0.675m.

NEW LIFE BUSINESS

Record year for Scottish Widows' Fund

RECORD new life and pensions business for 1980 was achieved by the Scottish Widows' Fund and Life Assurance Society, with new annual premiums up by 11½ per cent from £26m to £29m and single premiums by 5 per cent from £7.6m to just under £8m.

New sums assured were up by 5 per cent to £791m and new annuities by over 20 per cent to £247m per annum.

Last year's growth was slightly better than that for 1979 when new annual premiums improved by around £100,000 and single premiums were lower. But it does not match the 40 per cent rise in annual premiums in 1978.

Ordinary life business improved marginally last year with new annual premiums rising from £5.58m to £5.73m, despite a dull house purchase market. There was a good recovery made during the final quarter, with the society's flexible endowment E.P.10, launched late in the year, selling well. Sales of linked life assurance plans remained static with annual premiums at £800,000 unchanged from 1979.

Annual premiums on group pensions business continued to move ahead strongly, rising by nearly 20 per cent from £16m to £18.9m. Executive pension schemes continued to be popular with annual premiums rising by over 7 per cent from £2.99m to £3.22m, but the self-employed pension sales were dull with annual premiums declining marginally from £1.29m to £1.17m.

On single premium business immediate annuity payments and self-employed pensions held up with premiums of £2.3m and £2.6m respectively, with the improvement coming from group pension business.

The Society's managed fund subsidiary, Pensions Management (SWF) in 1980 recorded new annual premiums down by £3m to £11.8m and single premiums over £1m lower at £16.5m. However, in 1979 there was one new client which accounted for £3.5m of annual premium and £4m of single premiums. So the subsidiary has maintained an improving underlying trend.

A mixed pattern of new life and pensions business is reported for 1980 by the Life Association of Scotland, a member of the Dutch insurance conglomerate Nationale Nederlanden Group. Total new annual premiums dropped slightly from £5.75m to £5.4m, but single premium business improved by nearly 50 per cent from £4.1m to £6m.

New annual premiums on life business remained unchanged at £2m. Mortgage related business held up well during the year, despite the dull house purchase market, but self-employed pension business declined slightly from 1979 levels.

Pensions business dropped from £3.75m to £3.4m, the whole of the fall coming, as expected, from company pension scheme business. Executive pensions remained unchanged at £1.6m, with the company's new LASER plan doing well.

The growth in single premium business came from higher self-employed sales and the success of a new product marketed in the Republic of Ireland.

Higher new life business in both industrial and ordinary branches for 1980 is reported by the Royal Liver Friendly Society. New annual premiums in the industrial branch increased by 7 per cent from £7.8m to £8.4m. In the ordinary branch annual premiums advanced by over 25 per cent from £2.1m to £2.7m.

About one-third of the society's business is transacted in the Republic of Ireland and the above figures understate the true growth because of the weakness of the Irish punt against the pound.

Growth in the industrial branch was boosted by the final effects in the first quarter of the changeover in the method of crediting tax relief.

BONUS RATES

Large rise in Sun Life terminal rates

THE Sun Life Assurance Society has announced increases in its reversionary bonus rates for 1980 in respect of most of its contracts and has substantially improved its terminal bonus rates for claims arising in 1981.

For both whole life and endowment contracts on the compound bonus series, the 1980 reversionary bonus rate is improved by 10p to £4.50 per cent of the sum assured and attaching bonuses. The terminal bonus rate, payable on death or maturity claims, is lifted from 10 per cent to 12½ per cent of attaching bonuses.

However on the current flexible endowment contracts (Ten Plus Plans) the bonus rate remains unchanged at £4 per cent of the sum assured and £5 per cent of attaching bonuses.

The reversionary bonus rates on the simple bonus series, now closed to new entrants, are maintained at £5.25 per cent of the sum assured for whole life policies and £4.75 per cent of the sum assured for endowment assurances.

But the terminal bonus rates have been significantly improved, the new scale ranging from 30 per cent of attaching bonuses for contracts effected in 1970 or later to 90 per cent for policies taken out in 1940 or earlier. The previous scale went from 25 per cent to 40 per cent.

The reversionary bonus rates for self-employed and executive pension schemes are improved by 25p to £5 per cent of the basic benefit and attaching bonuses.

In addition, the company has introduced a terminal bonus for the first time—at a rate of 10 per cent of attaching bonuses.

The largest bonus increases are made for group pension policies where the rates are increased by £1 to £6.75 per cent on deposit administration contracts and to £8.75 per cent on new code with-profit plans. The rate of retirement bonus remains unchanged.

Mr. Peter Bairstow, assistant managing director and chief actuary of Sun Life, stated that these bonus improvements reflected the benefit of a good investment year, with high dividend payments and rent increases. More emphasis had been placed on the terminal bonus to provide additional flexibility in the distribution of surplus.

Record rates of reversionary bonus for the three years to December 31, 1980 have been declared by the Scottish Widows' Fund and Life Assurance Society. In addition, with-profit policyholders are to receive a special bonus paid from the high level of investment income over the period and claims in 1981 will benefit from higher scales of terminal bonus.

On ordinary life business, the new rate is £5 per cent p.a. to which is added the special bonus of 50p per cent making a total for the period of £5.50 per cent p.a. of the sum assured and attaching bonuses. The previous rate declared three years ago was £4.70 per cent and last year's interim rate was £4.90 per cent.

The terminal bonus scale for 1981 will vary from 5 per cent of the sum assured and attaching bonuses for policies taken out in 1977 to 43 per cent for those effected in 1941 or earlier.

The effect of these improvements is that a 10-year policy for a sum assured of £10,000 will on maturity this month pay a sum of £17,410, against £16,920 for a similar policy maturing last month—an increase of nearly 3 per cent. On a 25-year policy for the same sum assured the maturity value increases by a similar percentage from £31,900 to £32,760.

The new reversionary bonus rate for pensions contracts is £6 plus a special bonus of 60p making £6.60 per cent p.a. of the basic benefit plus attaching bonuses. The previous declared rate was £5.50 per cent and last year's interim rate was £5.80 per cent.

The Society is changing its interim bonus system from compounding triennially to compounding annually, but it will not be declaring annual bonus rates until after 1983. The interim rates for this year are £4.90 per cent for life contracts and £5.80 for pension contracts—equivalent to £5.14 per cent and £6.14 per cent respectively on a triennial compound system.

The Society has improved bonuses on its group pension and group permanent health contracts.

Guardian Royal Exchange Assurance is improving its rates of reversionary and terminal bonuses on its with-profit contracts. This is the sixth consecutive year the company has improved its reversionary bonus rates.

For individual assurances, the 1980 rates are being lifted by 25p to £6.25 per cent of the sum assured for whole life contracts and to £6 per cent of the sum assured for endowment assurances. The GRE is one of the very few life companies, outside the home service life companies, that still operates a system where the bonus rate is related to the sum assured only. Most other life companies have a compound system in which the bonus relates to the sum assured and attaching bonuses.

The terminal bonus rate for death or maturity claims in 1981 is lifted from 25 per cent to 30 per cent of attaching bonuses.

On self-employed pension contracts the reversionary bonus rate for 1980 is improved 35p to £8.60 per cent of the sum assured and attaching bonuses. The company has changed the terminal bonus structure from 7½ per cent of the basic benefit and attaching bonuses to 50 per cent of attaching bonuses. The change means higher payments, especially for the longer duration contracts.

The company has improved the bonus interest rate on its deposit administration schemes by two percentage points and has revised its terminal bonus structure on these contracts.

Mr. Peter Greenfield, chief actuary and general manager of GRE, pointed out that the sixth successive increase in reversionary bonus rates reflected the sound investment management of the life funds.

Gresham Life Assurance Society, a member of the Dutch insurance conglomerate, AMEV Group, is lifting its terminal bonus rate for new series contracts from 25 per cent to a record 30 per cent of attaching bonuses in respect of death or maturity claims arising in 1981.

On old series policies the rate is improved from £1 per cent to £1.20 per cent of the sum assured for each year in force up to a maximum of 30 years.

The company is also improving the interim reversionary bonus rate on self-employed and executive pension contracts from £6.50 per cent to £7 per cent of the basic benefits plus attaching bonuses.

The company's main declaration will be made later this year, to take effect from April 1. But since the first quarter of the year is the busiest time for self-employed and executive pensions, this increase in interim bonus reflects the anticipated rate for April.

EUROPEAN OPTIONS EXCHANGE

Series	Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
ABN C F.300	—	—	1	9.50 A	—	—	F.285
AKZO C F.17.50	—	—	6	1.50	—	—	F.17.20
AMRO C F.60	—	—	97	3.60	—	—	F.59
HEIN C F.50	—	—	1	5.50	—	—	F.51.80
HEIN C F.55	20	0.20	—	—	2	3.80	"
HEIN P F.50	—	—	—	—	3	3.20	"
HEIN P F.55	4	3.60	—	—	—	—	"
HEIN P F.60	4	8.80	—	—	—	—	"
HOOG C F.15	—	—	10	0.90	—	—	F.14
IBM C $55	20	13¼	—	—	—	—	$68⅞
IBM C $60	60	8½	3	10¼	—	—	"
IBM C $65	38	3⅝	—	—	—	—	"
IBM P $65	—	—	1	2⅛	—	—	"
KLM C F.55	—	—	1	5.60	—	—	
KLM C F.60	10	0.50	4	3.50	—	—	F.57.30
KLM P F.60	2	3	—	—	—	—	"
NATN C F.110	—	—	9	11.30	—	—	F.118.60
NATN C F.120	11	0.90	—	—	—	—	"
NATN P F.120	10	2	—	—	—	—	"
PHIL C F.15	—	—	—	—	30	1.70	F.15.10
POLA C $30	—	—	—	—	8	2⅛	$25⅝
OLIE C F.170	24	39	—	—	—	—	F.208
OLIE C F.180	20	29 B	1	34	—	—	"
OLIE C F.190	10	19 B	10	26 B	—	—	"
OLIE C F.200	72	10.30	31	19.20	—	—	"
OLIE C F.220	176	2	113	11.20	8	12.50	"
OLIE P F.240	120	0.30	38	5.10	—	—	"
OLIE P F.180	—	—	40	1.80	—	—	"
OLIE P F.190	10	0.30	35	3.30	—	—	"
OLIE P F.200	87	1.30	29	6.80	—	—	"
OLIE P F.220	12	12.50	23	16 A	—	—	"
OLIE P F.240	12	32.70	—	—	—	—	"
UNIL C F.120	—	—	2	8.20	—	—	F.124
	Feb.		May		Aug.		
BOEI C $35	17	9⅝	—	—	—	—	$44⅜
BOEI C $40	35	5	—	—	—	—	"
BOEI C $40	20	5⅛	10	1⅝	—	—	"
SLUM C $120	11	7	—	—	—	—	$118⅜
SLY C $95⅞	4	24⅝	—	—	—	—	
SLY C $100	—	—	40	23⅞	—	—	"

TOTAL VOLUME IN CONTRACTS 1365

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

(Jan. 2 Total contracts 517)

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	360	64	1	78	—	—	—	418p
BP	390	38	1	54	—	—	—	"
BP	420	16	25	38	20	54	—	"
BP	460	4	45	22	—	38	—	"
Com. Union	140	8	—	12	7	18	—	143p
Com. Union	160	1	—	5	10	9	—	"
Com. Union	180	½	—	2	2	4	2	"
Cons. Gold	638	¾	120	10	—	18	—	518p
Cons. Gold	688	¼	—	5	40	9	—	"
Courtaulds	60	1½	55	6	—	9	—	56p
GEC	460	165	1	185	—	—	—	618p
GEC	550	73	20	110	—	133	—	"
GEC	600	30	27	75	5	102	—	"
GEC	650	5	80	48	—	78	—	"
Grand Met.	140	14	2	22	—	30	—	154p
Grand Met.	160	3	—	12	5	18	—	"
Grand Met.	180	½	—	5½	—	11½	2	"
ICI	330	8	—	27	1	34	—	326p
ICI	360	¾	—	14	—	37	1	"
Land Sec.	355	28	4	—	—	52	—	376p
Land Sec.	390	4½	5	24	1	34	—	"
Marks & Sp.	110	9	15	17	5	20	—	46p
Marks & Sp.	120	3	2	10½	—	14½	1	"
Shell	460	20	4	36	—	52	—	466p
Shell	500	4	15	20	15	39	—	"
Totals			392		112		8	
		February		May		August		
Imperial Gp.	70	6	3	7½	—	10½	—	75p
Lasmo	750	57	—	102	2	137	—	739p
Lonrho	84	16	1	—	—	—	—	97p
Lonrho	90	—	—	17	—	23	2	"
Lonrho	94	8½	1	—	—	—	—	"
Lonrho	100	—	—	11	8	16	1	"
Lonrho	110	—	—	5	10	9	16	"
Racal Elec.	330	28	15	42	—	56	—	352p
Racal Elec.	360	12	—	26	—	40	2	"
RTZ	354	55	1	—	—	—	—	409p
Totals			36		20		21	

UK NEWS

Council house sales off target

COUNCIL houses are selling much more slowly than the Government forecast when it changed the law in October to allow tenants to buy their homes. ANDREW TAYLOR and MAURICE SAMUELSON conducted a survey of 20 councils to find the difficulties which their sales programmes were encountering.

THE GOVERNMENT is unlikely to achieve its sales target of 120,000 council homes in England during 1981/82, a figure which has been incorporated in its housing expenditure plans for the next financial year.

That is the reaction of many council housing officers approached by the Financial Times in the past fortnight as part of a survey into the progress made on sales programmes since the Government introduced last October its legislation giving local authority tenants the right to buy their own homes.

About 20 councils of all political persuasions, ranging from larger city authorities to smaller rural councils, were asked what impact "right to buy" had made to demand since October, and what was the likely effect of the legislation on future sales programmes.

Most of the authorities which had previously introduced voluntary programmes did not expect any marked increase in demand, while other Labour-controlled councils where sales had not taken place before October appeared to be using the legislation by obeying the letter rather than the sentiment of the law to ensure that sales took place slowly.

The Government's recent statement on housing expenditure for 1981/82 estimated that English local authorities would be able to use capital receipts totalling £413m from past and future council house and land sales to bolster their capital spending this year.

Of the £413m about half is expected to come from the anticipated sale of 120,000 council homes by English authorities. That would mean a sharp increase on the level of sales achieved in previous years.

In the first half of last year sales increased dramatically to 46,400 compared with 40,500 achieved in the whole of 1979 and 29,000 in 1978. However, to meet the Government's annual target figure of 120,000 an even sharper rise is required.

Most local authority housing directors interviewed believe that this figure is unrealistic in the present economic climate.

Those authorities, mostly Conservative, which had previously employed council house sales programmes on a grand scale said that first indications were than sales were unlikely to progress any faster in 1981/1982 than they had in the previous 18 months.

In Coventry, where a change of council meant that council sales were halted between 1979 and last October, the local authority's housing staff say that, despite an initial flurry of interest following the re-introduction of sales in October, they are not expecting eventual sales to be much higher than the 1,000 achieved between 1977 and 1979 when the Conservatives were in control.

Also the present Labour-controlled council intends, by "meticulously" adhering to the new laws to ensure that sales will take place as slowly as possible. That policy has been made easier to employ by the complex nature of the application forms that council tenants have to fill in.

In Coventry 448 forms have been returned since the beginning of October and of these 369 have been passed as complying with the terms of the right-to-buy legislation; but so far the council has made no specific offers giving purchase price details, etc.

Elsewhere schemes are also being hampered by the reluctance of some local authority employees to take on additional work. In the London borough of Camden for example, applications from tenants had by the beginning of December still to be acknowledged by the local authority.

In Labour-controlled Camden 389 "eligible" applications had been received by December 1; but members of the National Association of Local Government Officers have been refusing to handle them on the grounds that additional staff should have been taken on to help with the work.

In Blackburn, where Labour formed the council's biggest party although lacking a majority, 300 forms have been distributed since October. So far only 93 have been returned. Of these only 10 applicants have accepted the valuations put on their proposed purchases. No properties have so far been sold.

Under previous sales schemes operated by the local authority around 100 homes have been sold to occupiers during the past four years.

The council says that the reason for the lack of any marked upsurge in genuine interest is that price discounts being offered are no better than those available under earlier schemes.

Wigan is another Labour council where work on processing applications from prospective council house purchasers is being done slowly. Here, however, there are signs of significant demand from tenants seeking to buy their own homes, a demand pent up because of the lack of a sales programme in previous years.

Since October the council has received almost 1,400 applications from prospective purchasers; but of these it has so far found only 600 purchasers who are eligible to buy. No properties are expected to be sold before the end of March.

A different picture has emerged among traditional Conservative councils, most of which have operated sales programmes for several years. For example, in Thanet District Council, where local authority homes have been on sale for six years, the right-to-buy legislation has prompted a flurry of interest with 45 applications in October and 26 in November.

That represents an increase on the preceding two months when the council received only 29 applications; but is well below the demand levels when tenants in reply to a sales campaign sent in a total of 105 inquiries in June and 78 in July. Thanet sold in total about 300 council homes to tenants in 1979-80.

In Ashford, another Tory-controlled council, housing officers similarly report that the introduction of "right to buy" has had little material impact so far on demand for house purchases. Last year the council sold 225 homes and has disposed of 211 in the first 11 months of this year which includes two months when the right-to-buy legislation was in operation.

The legislation raises a number of problems in the royal borough of Kensington and Chelsea, where a large proportion of the council's 7,000 properties are flats.

The local authority says that the sale of individual apartments in some of its large tower blocks would be extremely complicated because of the central servicing and management of these buildings. They will still need to be carried out for those occupiers who remain council tenants.

About 70 tenants have so far applied to purchase council flats in Kensington and Chelsea, which has sold 150 properties over the past four years.

Sales may now also be delayed by provisions within the law that councils should provide a 10-year indemnity against structural faults. That is causing difficulties for a number of councils whose properties consist mainly of flats.

Many local authority leaders are also concerned at the Government's estimate that around a third of next year's projected 120,000 council house sales in England will be financed by building societies rather than by council mortgages.

That level of private sector financing is crucial if councils are to achieve the £213m which the Government has forecast will be raised from sales next year and which will be available for reinvestment in housing programmes. That is because most of the money raised via local authority mortgages is not available for capital programmes in the early years while loans are being repaid.

Housing officers believe that it is unlikely that the level of private sector financing expected by the Government will be made available if mortgage money at building societies again becomes scarce which many society managers say could happen later next year.

Councils say that traditionally more than 90 per cent of council house sales have been financed through local authority mortgages. As these are now available to tenants as a legal right, the eventual call for building society funds to support sales this year is likely to be much less than the third forecast in the Government's spending plan.

Housing officers also believe that societies will, if mortgage money does become tight again, be less inclined to grant mortgages to council tenants if they know they can get mortgages elsewhere with local authorities.

Geologists question coal reserves claim

BY MAURICE SAMUELSON

THE NATIONAL COAL BOARD has been accused by geologists of spreading a false sense of security by claiming in its publicity that Britain's coal can last at least 300 years.

The geologists question the accuracy of this claim and say it could discourage governments from investing adequately in nuclear and geothermal power as alternatives to declining oil and gas resources.

The controversy broke out at a private conference called in December by the Watt Committee on Energy, a prestigious discussion body to which about 60 learned and professional societies belong.

Mr. Alan Archer, assistant director of the Institute of Geological Sciences, was one of the Coal Board's critics who took part.

The target of the criticism was a paper by Mr. Ken Moses, the Coal Board's deputy director-general of mining. It argued that the UK had "national reserves" of about 45bn tonnes, which at current extraction rates could last 300 years.

The 45bn tonnes is the amount recoverable under current economic conditions and using current mining technology. Mr. Moses believed that the amount would appear to be even higher when the result of current surveys was assessed in the next few years.

However, some of the critics say it is pointless to project coal reserves on the basis of current annual coal consumption, since reserves would be depleted more quickly as gas and oil became scarcer.

Instead of dividing the 45bn tonnes by the current coal consumption (about 130m tonnes a year), they suggest dividing it by total national energy consumption (including oil and gas), equivalent to about 355m tonnes of coal a year.

Some of the Coal Board's own geologists are believed to be uneasy about the 300 years claim and would like it to be dropped from advertising. Other Coal Board officials, however, say reserves will last even longer. Mr. Laurie Penzer, head of the board's Solid Fuel Advisory Service, said recently that Britain could have enough coal for 500 years.

Economic Diary

TODAY: Lord Carrington, Foreign Secretary, begins seven-day visit to Morocco.

TOMORROW: BL Longbridge workers hold mass meeting, Birmingham.

MONDAY: United Kingdom official reserves for December. Bank of England publishes quarterly analysis of bank advances for mid-November; and capital issues and redemptions (during the month of December). BL Metro workers must return to work, or be dismissed. National Union of Seamen meet in Dover to discuss strike action over pay claim. President-elect Mr. Ronald Reagan meets President Jose Lopez Portillo in Mexico. Oxford Farming Conference opens (until January 7). Stock Exchange turnover figures issued.

TUESDAY: December provisional wholesale price index numbers issued by Department of Industry. London clearing banks' monthly statement for mid-December. UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits for mid-December, from the Bank of England. Herr Helmut Schmidt, West German Chancellor, starts two-day visit to Morocco.

WEDNESDAY: Department of Employment publishes figures on vacancies and unfilled vacancies (November—final); employment in the production industries during October; overtime and short time working in manufacturing industries in October; and stoppages of work due to industrial disputes during November. Department of Energy releases advance energy statistics for November. National Economic Development Council meets, to discuss energy prices, London. Nigerian British Chamber of Commerce discusses Nigerian Budget for 1981, London (and Thursday).

THURSDAY: Department of Industry issues provisional figures of vehicle production for December. International Boat Show opens, Earls Court (until January 18).

FRIDAY: Lord Carrington, Foreign Secretary, begins seven-day visit to Egypt. Harrods winter sale starts.

CORAL INDEX: Close 475-480 (+1)

Engineering output down

BY LISA WOOD

THE GREATER impact of the recession on the mechanical sector of the engineering industry than on other sectors is illustrated by figures published yesterday.

According to British Business, the official magazine, output in the mechanical sector fell by 5 per cent in the three months to September compared with the previous three months, while rises of 2 and 3 per cent respectively were recorded for instrument and electrical engineering.

For the engineering industry as a whole, output in the third quarter of last year was about 1 per cent lower than in the preceding three months and some 4 per cent lower than the average for 1979.

This suggests a lower rate of decline than that experienced earlier in the year but preliminary estimates for October show a persistent downward trend.

In mechanical engineering only three industries showed increases between the second and third quarters, and of these constructional steelwork alone exceeded 5 per cent. Output in three industries fell by 10 per cent or more while the remainder had lesser, though still significant, declines.

In the instrument engineering sector a decline in the watches and clocks industry was more than counterbalanced by rises in the other industries. In electrical engineering the number of industries showing rises was equalled by those declining.

Industrial companies' trading profits increase by 10.8%

TRADING PROFITS of 363 industrial companies reporting up to the end of last November the results of years ending between mid-January and mid-April, 1980, rose by 10.8 per cent, according to the latest Financial Times survey of company profits. This compares with 15.3 per cent in the corresponding survey a year ago.

At a preliminary stage, when 221 of these companies had reported, the increase was given as 10.2 per cent (FT, August 30, 1980).

The capital goods sector achieved much the same increase as last time at the trading level, 15 per cent against 14.1 per cent, but the pace slackened when it came to attributable earnings—up by 20 per cent against 23.3 per cent.

The effects of the engineering and steel strikes in the third and fourth quarters of 1978-79 can be seen in the declining profits of the machine tool and engineering sections.

But these falls were offset by stronger contributions from building materials and electricals, where earnings increased by more than 30 per cent, and a mixed bag of 13 capital goods companies whose joint earnings rose by 72.7 per cent.

Consumer durables—earnings up by 27 per cent in 1978-79—fell fractionally this time, when a small improvement from the weighty electronics group failed to overcome serious declines in household goods (37.8 per cent), motors and components (26 per cent) and motor distributors (20 per cent).

Consumer non-durables increased their aggregate earnings by a marginal 3.2 per cent, compared with 41.4 per cent growth in the previous year.

This is mostly the result of a loss of momentum by the stores, which account for nearly half the earnings of the sector, but which had no real earnings growth in this reporting period (4.7 per cent in money terms) to compare with an increase of 48 per cent in 1978-79.

What upward movement there was came from the food and leisure sections, but toys and games plunged into deficit after a modest squeeze on earnings in the preceding year.

Among financial sectors, respectable earnings increases from the 65 investment trusts (35.9 per cent) and property companies (26.9 per cent) were offset by a 15 per cent drop from the ten discount houses and merchant banks reporting.

In 1978-79, commodities earnings fell by 73.9 per cent, in spite of expansion from the three rubber companies and a near-trebling of earnings from mining.

A 55 per cent recovery in the subsequent period—led by a jump of 102 per cent in the earnings of overseas traders—still implies that commodity profits were about one-third as high as in 1977-78.

The rate of return on capital in the commodity sector also recovered from a depressed 16.4 per cent; at 20.6 per cent in this reporting period it was nearly back to the level obtained two years before.

The rate of return in industrial companies continued to fall, faster than in the previous year; the decline was 5.7 per cent against 3.1 per cent.

TREND OF INDUSTRIAL PROFITS

ANALYSIS OF 496 COMPANIES

The Financial Times gives below the table of company profits and balance sheet analysis. This covers the results (with the preceding year's comparison in brackets) of 496 companies whose account year ended in the period between January 15, 1979, and April 14, 1980, which published their reports up to the end of November, 1980. (Figures in £000).

INDUSTRY	No. of Cos.	Trading Profits (1)	% chnge	Profits before Int. & Tax (2)	Pre-tax Profits (3)	Tax (4)	Earned for Ordinary Dividends (5)	% chnge	Ord. dividends (6)	% chnge	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap % (9)	Net Current assets (10)
BUILDING MATERIALS	25	492,056 (406,901)	−20.9	381,407 (311,227)	316,311 (266,975)	90,039 (96,121)	214,539 (161,557)	−32.8	57,451 (42,332)	+35.7	261,711 (210,619)	2,059,224 (1,709,161)	18.5 (18.2)	686,628 (535,794)
CONTRACTING & CONSTRUCTION	18	64,210 (54,447)	−17.9	40,065 (34,099)	31,095 (28,668)	6,189 (7,881)	23,973 (20,186)	−18.8	6,009 (4,749)	−26.5	39,626 (33,933)	221,074 (180,212)	18.1 (18.9)	66,598 (68,565)
ELECTRICALS (EX ELECTRN. ETC.)	11	694,750 (586,790)	−18.4	573,000 (492,674)	518,929 (464,646)	185,909 (213,643)	322,377 (244,834)	+31.7	69,692 (55,712)	+25.1	367,562 (279,180)	2,496,815 (2,006,055)	23.0 (24.6)	1,180,447 (1,159,269)
ENGINEERING	52	279,582 (281,211)	−0.6	209,649 (220,931)	167,860 (195,995)	42,485 (57,660)	124,012 (137,202)	−9.6	43,369 (39,400)	+10.1	154,079 (145,959)	1,366,607 (1,173,041)	15.3 (18.8)	592,515 (551,154)
MACHINE TOOLS	8	91,689 (100,041)	−8.3	69,684 (81,443)	55,478 (72,245)	13,856 (22,154)	39,790 (48,688)	−18.3	14,748 (13,160)	+12.1	44,316 (51,478)	490,204 (430,488)	14.2 (18.9)	257,054 (239,388)
MISC. CAPITAL GOODS	13	83,389 (54,179)	−53.9	69,065 (44,936)	53,217 (35,280)	13,567 (12,505)	39,450 (22,835)	+72.7	11,365 (7,478)	+52.0	38,515 (22,957)	425,085 (301,105)	16.3 (14.9)	162,368 (147,614)
TOTAL CAPITAL GOODS	127	1,705,676 (1,483,569)	−15.0	1,342,870 (1,185,310)	1,144,890 (1,064,009)	352,045 (409,764)	764,121 (635,302)	+20.3	202,634 (162,831)	+24.4	886,009 (744,106)	7,059,009 (5,800,060)	19.0 (20.4)	2,945,590 (2,691,784)
ELECTRONICS RADIO & TV	8	462,799 (401,582)	−15.2	272,101 (248,053)	229,204 (225,995)	64,062 (73,174)	161,630 (150,335)	+7.5	48,281 (37,680)	+28.1	300,325 (262,335)	1,499,472 (1,068,892)	18.2 (23.2)	360,015 (414,916)
HOUSEHOLD GOODS	9	40,849 (45,911)	−7.0	30,131 (35,047)	22,678 (30,509)	6,869 (5,303)	15,532 (24,980)	−37.8	4,901 (5,118)	−4.2	19,555 (27,371)	194,942 (168,229)	15.5 (20.8)	75,823 (65,593)
MOTORS & COMPONENTS	8	74,841 (74,561)	+0.4	57,780 (59,862)	39,979 (49,259)	12,271 (31,197)	25,558 (34,530)	−26.0	9,408 (11,389)	−17.4	31,114 (35,468)	556,862 (514,301)	16.2 (19.0)	145,906 (132,275)
MOTOR DISTRIBUTORS	6	29,275 (25,705)	+13.9	17,498 (16,508)	10,537 (12,567)	1,088 (799)	9,358 (11,698)	−20.0	2,782 (2,437)	+14.2	17,374 (17,393)	125,310 (109,546)	14.0 (15.0)	23,546 (18,545)
TOTAL CONSUMER DURABLES	31	607,764 (545,757)	+11.4	377,510 (359,470)	302,398 (318,330)	84,290 (92,473)	212,078 (221,543)	−4.3	65,372 (56,624)	−15.4	338,368 (342,587)	2,176,612 (1,661,267)	17.3 (21.6)	605,289 (631,328)
BREWERIES	8	315,026 (303,009)	+4.0	249,180 (239,081)	177,526 (182,754)	26,567 (37,927)	146,599 (141,062)	+3.9	48,215 (47,289)	+2.0	159,975 (154,465)	2,112,720 (1,745,477)	11.8 (15.7)	271,901 (274,543)
DISTILLERIES & WINES	2	213,240 (204,861)	+4.1	202,557 (194,860)	188,537 (178,695)	47,700 (56,000)	140,637 (122,395)	+14.9	39,076 (35,450)	+10.2	110,869 (95,877)	972,674 (901,599)	20.8 (21.6)	729,183 (637,190)
HOTELS & CATERERS	2	2,258 (2,165)	+4.3	1,765 (1,774)	1,485 (1,584)	518 (625)	954 (942)	+1.3	275 (242)	+13.6	926 (901)	12,101 (10,693)	14.6 (16.6)	−2,462 (−1,949)
LEISURE	7	101,169 (85,241)	+18.7	56,107 (48,604)	39,716 (41,586)	16,115 (21,433)	23,527 (20,159)	+16.8	10,593 (10,014)	+5.8	55,729 (44,993)	349,221 (295,497)	16.1 (16.4)	23,849 (21,728)
FOOD MANUFACTURING	10	178,973 (153,001)	+17.0	133,542 (113,157)	112,749 (96,028)	29,375 (25,664)	74,134 (62,174)	+19.2	17,260 (13,443)	+28.4	99,451 (86,403)	758,274 (662,587)	17.6 (17.1)	141,924 (153,126)
FOOD RETAILING	9	211,338 (173,769)	+21.6	157,422 (133,355)	140,265 (122,634)	19,693 (17,268)	120,058 (104,964)	+14.4	30,570 (23,059)	+32.6	135,687 (121,545)	972,660 (743,472)	16.2 (17.9)	−44,469 (46,357)
NEWSPAPERS AND PUBLISHERS	7	24,167 (19,466)	+24.1	19,627 (15,280)	17,636 (14,015)	7,385 (6,615)	9,797 (7,766)	+26.2	2,986 (2,357)	+26.7	9,997 (8,131)	71,765 (59,468)	27.3 (25.7)	16,810 (16,493)
PACKAGING AND PAPER	10	127,785 (108,404)	+17.9	89,540 (77,983)	66,908 (63,797)	20,510 (18,074)	40,663 (40,222)	−1.1	16,475 (13,772)	−19.6	60,097 (55,169)	588,634 (553,735)	15.2 (14.6)	154,999 (183,028)
STORES	37	962,613 (879,559)	−9.4	804,414 (759,589)	732,129 (708,754)	275,688 (273,533)	454,312 (433,871)	+4.7	166,024 (134,358)	+23.8	401,818 (387,014)	5,824,635 (3,486,206)	21.0 (21.8)	1,205,567 (1,169,555)
CLOTHING AND FOOTWEAR	22	37,094 (35,972)	+3.1	26,940 (27,631)	17,306 (22,497)	5,953 (7,111)	12,786 (14,985)	−14.7	4,961 (3,953)	+25.5	15,251 (16,982)	210,024 (177,559)	12.8 (15.6)	64,380 (58,212)
TEXTILES	27	276,061 (280,376)	−1.5	176,339 (185,368)	118,342 (136,247)	25,513 (34,217)	81,617 (93,491)	−12.7	38,888 (38,051)	+2.2	133,604 (143,451)	1,419,483 (1,406,243)	12.6 (13.2)	580,011 (572,071)
TOBACCO	2	157,926 (169,037)	−6.6	127,855 (141,396)	86,739 (108,565)	35,100 (43,212)	37,203 (52,864)	−29.6	5,894 (4,659)	+26.5	58,998 (73,747)	505,633 (486,191)	25.3 (29.1)	303,723 (315,361)
TOYS AND GAMES	3	18,845 (25,650)	−20.3	5,115 (12,518)	−4,843 (8,323)	162 (684)	−5,032 (7,511)	— (—)	1,126 (2,685)	−58.1	5,436 (14,733)	149,260 (128,696)	3.4 (9.6)	38,615 (48,855)
TOTAL CONSUMER NON-DURABLES	146	2,626,493 (2,438,510)	+7.7	2,052,203 (1,950,196)	1,694,493 (1,685,478)	508,278 (542,363)	1,137,245 (1,102,386)	+3.2	382,721 (329,332)	+16.2	1,247,826 (1,203,429)	11,947,074 (10,637,221)	17.2 (18.1)	3,484,031 (3,494,550)
CHEMICALS	7	206,793 (206,652)	+0.1	172,219 (177,742)	152,248 (161,361)	48,563 (57,152)	102,891 (103,594)	−0.7	45,281 (36,957)	+22.5	89,138 (93,925)	671,606 (651,092)	25.6 (27.3)	322,389 (330,494)
OFFICE EQUIPMENT	5	6,439 (7,429)	−13.3	3,709 (4,851)	1,659 (3,334)	669 (738)	912 (2,546)	−64.2	462 (694)	−33.4	2,521 (3,852)	29,412 (27,138)	12.6 (17.9)	11,822 (11,258)
SHIPPING	3	11,828 (7,282)	+62.4	5,397 (−145)	299 (−6,896)	— (—)	−565 (−7,621)	— (—)	661 (403)	+64.0	5,188 (−606)	105,889 (120,938)	5.1 (—)	35,028 (24,197)
MISC. INDUSTRIAL	44	689,238 (596,307)	+15.6	516,515 (440,418)	402,383 (360,807)	136,515 (138,189)	280,541 (206,318)	+36.6	78,497 (57,669)	+36.1	362,768 (292,576)	2,625,518 (2,342,777)	19.7 (18.6)	725,853 (696,132)
TOTAL INDUSTRIALS	363	5,854,231 (5,285,506)	+10.8	4,470,423 (4,117,842)	3,698,350 (3,586,425)	1,120,360 (1,240,679)	2,497,423 (2,263,069)	+10.4	775,628 (644,510)	+20.3	2,961,918 (2,679,847)	24,615,119 (21,228,251)	18.2 (19.4)	8,130,002 (7,890,982)
OIL	1	5,153 (2,024)	+154.6	4,218 (1,488)	3,564 (1,257)	11 (191)	3,536 (1,061)	+233.3	485 (246)	+97.2	3,743 (1,250)	19,162 (11,011)	22.0 (13.5)	7,583 (3,949)
BANKS	1	45,802 (37,073)	+23.6	42,068 (34,252)	42,068 (34,252)	16,547 (12,908)	25,521 (21,344)	+19.6	4,837 (3,950)	+22.5	24,193 (20,923)	243,910 (215,448)	17.3 (15.9)	144,238 (123,255)
DISCOUNT HOUSES MERCHANT BANKS etc.	10	52,669 (56,074)	−6.1	— (—)	— (—)	— (—)	33,226 (39,046)	−14.9	14,245 (12,548)	+13.5	— (—)	*5,699,504 (*5,424,999)	— (—)	−920,410 (−777,217)
HIRE PURCHASE	3	5,585 (3,669)	+52.6	4,692 (3,009)	1,551 (1,638)	263 (282)	1,137 (1,365)	−16.7	718 (605)	+18.7	964 (1,125)	32,934 (24,417)	14.5 (12.3)	10,609 (15,513)
INSURANCE	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
INSURANCE BROKERS	2	30,568 (29,607)	+3.3	22,676 (24,411)	21,374 (23,705)	9,395 (10,610)	11,432 (12,615)	−9.4	6,101 (3,317)	+83.9	11,315 (13,209)	95,609 (55,311)	23.7 (44.1)	11,425 (10,660)
INVESTMENT TRUSTS	65	215,035 (161,788)	+32.9	200,780 (160,815)	175,338 (134,523)	58,440 (49,886)	113,534 (83,524)	+35.9	102,519 (77,834)	+31.7	15,630 (5,674)	2,837,284 (2,964,464)	7.1 (5.4)	31,449 (21,684)
PROPERTY	38	194,477 (177,967)	−9.3	188,231 (171,803)	115,482 (89,370)	44,537 (35,379)	66,455 (52,368)	+26.9	36,684 (27,908)	+31.5	33,137 (28,378)	2,760,264 (2,652,118)	6.8 (6.5)	−6,187 (−20,477)
MISC. FINANCIAL	3	2,889 (229,8)	+25.7	2,654 (2,125)	1,886 (1,622)	722 (675)	1,162 (945)	+23.0	674 (422)	+59.8	570 (526)	20,307 (15,993)	13.1 (13.3)	5,104 (3,929)
TOTAL FINANCIAL	122	547,025 (468,466)	+16.8	461,101 (396,415)	355,529 (285,110)	129,904 (108,740)	252,447 (211,203)	+19.5	165,778 (126,644)	+30.9	86,512 (70,035)	†5,990,308 (†5,927,750)	7.7 (6.7)	−723,871 (−622,653)
RUBBERS	4	34,388 (33,509)	+2.6	32,428 (31,539)	32,326 (31,503)	14,512 (15,142)	17,696 (16,357)	+8.2	13,579 (11,060)	+22.6	5,874 (7,079)	73,130 (72,842)	44.3 (45.3)	18,690 (20,028)
TEA	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
TIN	2	1,254 (1,418)	−11.6	896 (1,114)	804 (1,104)	207 (245)	598 (860)	+30.5	274 (235)	+16.6	640 (893)	5,551 (3,297)	16.8 (33.8)	1,164 (1,138)
MISCELLANEOUS MINING	2	1,909 (1,522)	+25.4	1,390 (1,096)	1,256 (1,027)	566 (571)	690 (655)	+ 5.5	245 (182)	+34.6	854 (794)	8,476 (5,940)	16.4 (16.5)	3,398 (1,118)
OVERSEAS TRADERS	2	117,806 (83,789)	+40.6	98,990 (68,236)	67,768 (44,158)	24,671 (24,024)	37,464 (18,514)	+102.4	15,317 (13,800)	+11.0	38,326 (18,047)	563,101 (539,472)	17.6 (12.7)	50,627 (65,757)
TOTAL COMMODITIES	10	155,357 (120,238)	+29.2	133,704 (101,985)	102,154 (77,792)	39,956 (39,780)	56,448 (36,386)	+55.1	29,415 (25,277)	+16.4	45,696 (26,813)	650,038 (621,551)	20.6 (16.4)	73,879 (88,041)

NOTES ON COMPILATION OF THE TABLE

The classification follows closely that of the Institute and Faculty of Actuaries, which has been adopted by the Stock Exchange Daily Official List.

Col. 1 gives trading profits plus investment and other normal income property belonging to the financial year covered. The figure is struck before charging depreciation, loan and other interest, directors' emoluments and other items normally shown on the profit and loss account. Excluded are all exceptional or non-recurring items such as, for example, capital profits, unless the latter arise in the ordinary transaction of business.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act, 1948.

Col. 2 gives profits before interest and taxation that is to say profits after all charges except loan and other interest, but before deducting taxation provisions and minority interests. In the case of Banks, no figure can be shown because of non-disclosure (see foregoing paragraph).

Col. 3 gives Pre-tax Profits that is to say profits after all charges including debenture and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporate taxation including Dominion, Colonial and Foreign liability and future tax provisions but excluding adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—

1—Minority interests.

2—All prior charges—sinking fund payments, etc., and Preference dividends and

3—Provisions for staff and employees pensions funds where this is a standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities, except bank overdrafts.

* For merchant banks and discount houses a more realistic figure to quote is the balance-sheet total.

Col. 9 represents the net return on capital employed Col. 2 as a percentage of Col. 8 provides an indication of average profitability.

† Excluding merchant banks, discount houses, insurances, etc.

‡ No figures given.

Col. 10 net current assets are arrived at by the subtraction of current liabilities and provision from current assets.

WORLD STOCK MARKETS

Little change on Wall St.

LITTLE CHANGE was recorded in quiet trading on Wall Street yesterday.

After opening 2.48 up at 96.47, the Dow Jones Industrial Average reacted to 963.99 by 1 p.m.—unchanged on the day, while the NYSE All Common Index shed 28 cents to $77.58. Trading volume totalled 20m shares, against 27.76m at 1 p.m. last Wednesday.

Analysts said that with year-end tax selling out of the way, the market's action was unlikely to indicate a long-term trend because many investors are taking a long holiday weekend.

Institutional investors closed their books Monday and most are out of the market, joining many individual investors in stretching the New Year's holiday.

Cannon Mills were featured, jumping $8¾ to $34¾ on receiving a $40 a share cash acquisition proposal from Harold S. Geneen.

Curtiss-Wright gained $¾ at $42—it increased its offer for 1m of its own shares to $46 a share from $44.

Teledyne fell $5¼ to $210¾—it owns 31 per cent of Curtiss-Wright's 8m shares but does not intend to tender them.

Kennecott put on ¼ to $27¼—it is tendering for Curtiss-Wright.

Among the biggest gainers, Waste Management advanced $1 to $92½, E-Systems $1 to $51, Carlisle $1½ to $85½, Cameron Iron $1¾ to $62, Advanced Micro Devices $1½ to $36 and Marton Laboratories $1¾ to $20½.

But Spectra Physics declined $1¾ to $52¾, Cities Service $1 to $46½, Cray Research $1¾ to $46½, Teledyne $2½ to $213½ and Standard Indiana $1¾ to $78½.

Longs Drug Stores picked up $1½ to $33, TRE $2½ to $40¾ and Computervision $1½ to $82.

THE AMERICAN SE Market Value Index was up 2.58 to 351.57 in a volume of 2.87m (4.99m) shares.

Active Supron Energy advanced $4½ to $59½ with 221,000 shares traded. Houston Oil and Minerals eased $¾ to $53½.

Closing prices for North America were not available for this edition.

Canada

Markets were mostly higher in light trading around noon yesterday, when the Toronto Composite Index rose 9.4 to 2,278.1 and eight of 14 sub-indices advanced.

The Oil and Gas Index moved up 55.2 to 4,413.1, Metals and Minerals 18.6 to 2,339.0 and Papers 0.40 to 241.02, but Banks lost 1.56 to 409.24 and Utilities shed 0.30 to 262.72.

Australia

Energy issues featured as share markets started the New Year on a firm note, but turnover was light in the absence of Institutional and overseas buying.

Alternative Energy issues proved the strongest, led by Shale Oils Central Pacific and Mining Houses which added 30 cents each at A$7.80 and A$5.10 respectively.

News that CSR has joined the Mitsui Group in a study which could lead to the building of a A$1.5bn coal liquefaction plant in Victoria failed to generate an enthusiastic reaction and the shares only rose 2 cents to A$7.38.

Finding conventional Oils, Woodside gained 9 cents to A$3.20, Crusader 30 cents to A$5.50, Strata 15 cents to A$3.75, and Ampol Exploration 5 cents to A$3.60, but Santos eased 10 cents to A$18.

BHP closed steady at A$16.40, while MIM shed 15 cents to A$4.60, Peko held unchanged at A$10.40, Pancontinental improved 20 cents to A$11.80 and Western Mining firmed 6 cents to A$5.80.

AUSTRALIAN INDICES

From today, published Australian indices for the Metals and All Ordinary groups are those produced jointly by the Sydney and Melbourne Stock Exchanges. The indices have base values of 500=January 1, 1980. Previously quoted Sydney indices have been discontinued.

Hong Kong

Stocks closed higher on selective buying of leading issues in quiet trading. The Hang Seng Index rose 51.27 to 1,524.86.

An end week reluctance to trade was encouraged by the lack of clear signals from the U.S. about the trend for interest rates there, which usually set the pattern for local rates.

Among leaders, Cheung Kong added HK$1.25 at HK$33.75, Jardine Matheson 60 cents at HK$26, Hongkong Bank HK$1.10 at HK$23, Hongkong Wharf 40 cents at HK$9.35 and Swire Pacific "A" 80 cents at HK$12.50.

Hongkong Land rose 40 cents to HK$23.20, Hutchison Whampoa 30 cents to HK$18, Hong Kong Electric 20 cents to HK$8.25, Hang Seng Bank HK$8 to HK$163 and Wheelock Marden "A" 15 cents to HK$7.80.

Elsewhere, China Light and Power added 70 cents at HK$22.70, Kowloon Motor Bus 30 cents at HK$14.40, New World 25 cents at HK$6.80 and Green Island Cement HK$2.50 at HK$68.50.

Paris

Share prices were easier in quiet trading as "Monary Law" purchases have slowed and shares already bought to gain tax relief under the Law are now being sold.

Most sectors lost ground except Metals, with Banks and Insurances showing the largest falls.

Other sectors to fall were Portfolios, Foods, Oils, and Chemicals.

Rubbers were also lower.

In the Foreign sector, Americans and Japanese were firm, but Oils fell, while Dutch, Gold Mines and Coppers were mixed.

Germany

Share prices tended upwards after a mixed start.

Industrials were most in demand in a thin market, with one day's trading sandwiched between New Year and the weekend. Preussag were up DM 3.40 to 121, while Kali and Salz added DM 5 at 212.

Chemicals were mostly higher. Daimler gained DM 2.50 to 265.5, but BMW and VW were each easier.

Bourse sources said markets are still speculating on the future of Neckermann, whose shares remain suspended—yesterday rumours suggested one Karstadt share, up DM 1.50 at 198.5, may be offered for three Neckermann.

Banks were mixed.

The Domestic Bond Market saw gains up to DM 0.30 and losses up to one full point, but for the most part prices were maintained with the Bundesbank buying DM 1.2m nominal of stock.

Mark Eurobonds were little changed.

Options prices and turnover were steady, with operators favouring Chrysler, Conti and Bayer calls.

Amsterdam

Prices closed mixed to higher. Royal Dutch lost Fl 1.40 to 208 while Unilever gained Fl 1 to 124 in mainly higher Internationals.

Investment Funds were mixed while Insurances and Constructions rose.

Natwed put on Fl 0.80 on its estimated at least 16 per cent profit growth last year.

State Loans tended higher.

Turnover on the European Options Exchange fell to 1,365 contracts, comprising 1,063 Calls and 302 Puts. Royal Dutch the most active with 871 contracts.

Milan

Prices fluctuated narrowly in quiet trading.

Convertibles were selectively firmer in narrowly mixed Bonds.

Indices

NEW YORK —DOW JONES

	Dec. 31	Dec. 30	Dec. 29	Dec. 26	Dec. 24	Dec. 23	1980 High	1980 Low	Since C'mpil't'n High	Since C'mpil't'n Low
◆Industr'ls	963.99	962.03	960.58	966.38	965.05	953.28	1000.17 (20/11)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	65.68	65.41	65.15	65.99	64.04	65.62	76.91 (25/6)	60.96 (16/12)	—	—
Transport...	395.10	396.22	393.67	399.92	396.76	395.55	425.68 (26/11)	233.88 (27/3)	425.68 (28/11/80)	12.232 (8/7/32)
Utilities	114.42	114.20	114.66	116.73	116.67	117.30	117.34 (18/11)	95.04 (27/3)	165.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's	41,210	39,730	36,060	16,130	23,490	55,260	—	—	—	—

◆Day's high 971.50 low 955.55

Ind. div. yield %	Dec. 26	Dec. 19	Dec. 12	Year ago (approx)
	5.66	5.82	5.95	6.03

STANDARD AND POORS

	Dec. 31	Dec. 30	Dec. 29	Dec. 26	Dec. 24	Dec. 23	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls ...	154.45	154.04	153.64	155.32	154.48	155.69	160.96 (28/11)	111.08 (27/7)	160.96 (26/11/80)	3.52 (30/6/32)
§Composite	135.76	135.33	135.03	136.57	135.88	135.30	140.52 (28/11)	96.22 (13/2)	140.52 (28/11/80)	4.40 (1/6/32)

	Dec. 24	Dec. 17	Dec. 10	Year ago (approx)
Ind. div. yield %	4.36	4.46	4.61	5.27
Ind. P/E Ratio	9.57	9.39	9.05	7.67
Long Gov. Bond Yield	11.75	12.57	12.68	10.17

N.Y.S.E. ALL COMMON

Dec. 31	Dec. 30	Dec. 29	Dec. 26	1980 High	1980 Low
77.86	77.58	77.44	78.26	81.02 (26/11)	55.30 (22/4)

Rises and Falls	Dec. 31	Dec. 30	Dec. 29
Issues Traded...	2,014	2,012	2,015
Rises...	1,043	769	535
Falls ...	590	835	1,123
Unchanged...	382	408	357
New Highs...	55	40	51
New Lows...	11	15	13

MONTREAL

	Dec. 31	Dec. 30	Dec. 29	Dec. 24	1980 High	1980 Low
Industrials	363.57	365.52	366.62	371.74	423.80 (28/2)	323.31 (27/3)
Combined	348.45	345.31	349.50	352.88	378.96 (20/10)	296.50 (27/3)
TORONTO Composite	2268.7	2266.4	2259.8	2276.5	2402.2 (28/11)	1702.5 (27/3)

	Jan. 2	Dec. 31	Dec. 30	Dec. 29	1980/81 High	1980/81 Low
AUSTRALIA						
All Ord. (1.1/80)	715.5	713.5	714.6	702.2	746.2 (17/11)	509.1 (3/1/80)
Metal & Minrls. (1.1.80)	728.9	724.5	721.7	714.5	818.0 (17/11)	492.5 (23.5)
AUSTRIA						
Credit Aktien (2/1/62)	(c)	(c)	66.96	66.73	89.40 (7/1/80)	65.59 (19/6)
BELGIUM						
Belgian SE (31/12/63)	(c)	84.19	83.67	84.35	105.75 (11/2)	82.62 (11/12)
DENMARK						
Copenhagen SE (1/1/73)	95.69	(c)	96.61	95.75	98.85 (4/11)	74.78 (5/3)
FRANCE						
CAC General (29/12/61)	108.60	112.0	112.9	114.0	120.5 (5/11)	97.7 (3/1/80)
Ind Tendance (28/12/79)	98.3	111.2	111.9	113.4	121.6 (5/11)	95.5 (3/1/80)
GERMANY						
FAZ-Aktien (31/12/58)	221.6	(c)	222.55	220.62	268.89 (25/2)	212.75 (29/5)
Commerzbank (Dec. 1953)	685.4	(c)	663.6	683.7	749.2 (25/2)	667.0 (27.5)
HOLLAND						
ANP-CBS General (1970)	85.7	(c)	85.4	85.9	89.6 (21/11)	74.0 (27.3)
ANP-CBS Indust. (1970)	62.8	(c)	61.6	61.5	68.2 (11/1)	58.2 (28.3)
HONG KONG						
Hang Seng Bank (31/7/64)	1524.86	1473.59	1466.74	1446.08	1654.57 (13/11)	738.9 (19.5)
ITALY						
Banca Comm. Ital (1972)	174.19	172.16	171.19	170.20	188.18 (4/11)	85.11 (2/1/80)
JAPAN						
Dow Average (16/5/49)	(c)	(c)	(c)	(c)	7188.28 (6/11)	6475.93 (27/5)
Tokyo New SE (4/1/68)	(c)	(c)	(c)	(c)	497.96 (20/10)	449.01 (10.6)
NORWAY						
Oslo SE (1/1/72)	118.7	(c)	119.66	118.13	144.70 (14/2)	110.72 (28/5)
SINGAPORE						
Straits Times (1966)	659.52	650.82	660.69	664.19	721.70 (21/11)	429.75 (3/1/80)
SOUTH AFRICA						
Gold (1958)	—	(u)	790.4	814.8	1026.1 (22/9)	496.5 (18/3)
Industrial (1958)	—	(u)	594.2	595.2	660.5 (5/11)	456.0 (2/1/80)
SPAIN						
Madrid SE (30/12/80)	100.46	(c)	106.11	(c)	100.46 (2/1/81)	100.0 (—)
SWEDEN						
Jacobson & P. (1/1/58)	(c)	(c)	423.26	419.66	425.26 (30/12)	384.72 (17/1/80)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	(c)	(c)	293.4	298.6	317.3 (11.2)	278.0 (26/8)
WORLD						
Capital Intl. (1/1/70)	—	159.2	158.8	158.5	164.3 (20/11)	120.5 (27/3)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Fed. Nat. Mort.	711,200	11⅞	— ⅛
Braniff	609,700	4⅞	+ ⅛
Beatrice Foods	606,200	19¾	— ⅛
Chrysler	563,300	4⅞	+ ⅛
AAF	490,400	13⅞	+1⅛
LTV	452,400	20¾	+1
Sears Roebuck	423,900	15¼	— ⅛
Texaco	385,600	48	+ ⅛
Am. Tel. & Tel.	362,800	47⅞	— ⅛
Gen. Pub. Util.	380,300	5⅝	+ ⅛

هكذا من الأصل

Opposition mounts to Dutch ships merger

By Charles Batchelor in Amsterdam

THE PROPOSED merger between the two largest Dutch shipping groups—Nedlloyd and KNSM—is meeting increasing opposition from employees and the unions. The works council of KNSM, which will be absorbed by the larger Nedlloyd group if the deal goes through, has come out against the merger unless better job guarantees are given.

The KNSM works council has added its protest to that of a study group set up by the transport union, which earlier advised against approving the merger under the conditions proposed by Nedlloyd.

Employees of KNSM are not opposed in principle to the merger, which is generally seen as essential for the survival of the company, but refuse to accept any redundancies. They want the company to find alternative employment and to allow the early retirement of older staff.

Nedlloyd has said that 270 jobs will be lost, mainly in Amsterdam. Its bid is conditional on the approval of the two companies' workforces.

It has twice delayed announcing bid details to allow the unions and the work forces time to consider their reactions.

Nedlloyd has already indicated it would make a bid worth about Fl 40m ($19m), exchanging one of its own Fl 50 nominal shares and Fl 110 in cash for every two Fl 100 nominal KNSM shares. The merger would create a diversified shipping and transport group with a combined annual turnover of Fl 3.3bn ($1.55bn) and workforce of 19,500.

● Nationale Nederlanden, the largest Dutch insurance group, announced that turnover rose 16 per cent to around Fl 8bn last year, while profits of Fl 302m net in 1979 increased at least at the same pace.

IDI lifts capital

Industrial Development Institute (IDI), a State-controlled agency which helps ailing companies, has increased its capital by FFr 80m to FFr 1.03bn ($225m). The French Government, State-run financial institutions and nationalised banks own 91.9 per cent of the capital, AP-DJ reports.

Alfa Romeo reorganisation planned by Finmeccanica

BY JAMES BUXTON IN ROME

THE STRUCTURE of Alfa Romeo, the state-owned company which is Italy's second largest car maker, is being reorganised to conform with the new corporate strategy of its parent company, the state holding company Finmeccanica.

The strategy involves marshalling the activities of Finmeccanica's subsidiaries into logical groupings aimed at improving competitiveness, particularly in the international field, where 44 per cent of Finmeccanica's sales arise.

In 1980, Finmeccanica recorded a turnover of L3,512bn ($3.8bn), a 14 per cent rise from 1979. The results covering the 12-month period to June 30, showed a loss of L180bn compared with one of L230bn for the previous 12 months.

A large part of this deficit was accounted for by Alfa Romeo, but the aerospace and diesel engine operations also made losses. Like many Italian state-owned concerns, under-capitalisation which leads to highly expensive bank borrowing, is a major drain on resources.

Finmeccanica is being restructured into four main groups each of which will be organised to concentrate homogenous activities, centralise strategic decision making and decentralise line management decisions.

Within Alfa Romeo, the company with overall control is to be Calledalfa-Romeo under which will come Alfa Romeo Auto (managing all car production), Alfa Romeo Commercial Vehicles and Mechanical Manufacturing, and three other subsidiaries, including Alfa Romeo Nissan, the new company which will produce cars under the controversial deal with the Japanese car maker Nissan.

The same process is being applied to Ansaldo which makes nuclear and other engineering products, to Aeritalia which makes half Italy's fixed-wing aircraft and has an important participation in the Boeing 767 project, and VM which is mainly concerned in diesel engine manufacturing.

On the strength of the reorganisation, Finmeccanica has set a target of annual turnover of L8,000bn for the year ending June 1984 and an investment programme of L1,300bn over the same period, which involves a 50 per cent increase in the annual investment rate.

Malaysian group to go public

BY WONG SULONG IN KUALA LUMPUR

PALMCO HOLDINGS, Malaysia's largest palm oil refiner with interests in property development, is to go public through the issue of 19.3m shares at one ringgit each.

The company has reserved 35 per cent of the issue for Bumiputra (Malay) institutions while a further 30 per cent will be limited to staff and "regular customers." The general public can apply for the remaining 35 per cent.

Palmco was started by three Chinese brothers, led by Mr. Robert Chan, managing director, as a small refining company, in 1975, to take advantage of Government tax incentives for refined products. By the end of 1980, the group was refining 400,000 tonnes of oil, or close to 25 per cent of Malaysia's national total.

The company made a pre-tax profit of 14.7m ringgit ($6.7m) for the year ended June 1980. Its projected pre-tax profit for 1980-81 is 17.5m ringgit and net profit should be 15m ringgit from which a tax-free dividend of 7.5 per cent is to be paid.

Palmco said it would use 11m ringgit from the share issue for expansion and diversification, including the putting up of a multi-storey building in Penang, and 8m ringgit to reduce bank loans.

Swiss buy U.S. insurer

By John Wicks in Zurich

SWISS Reinsurance and Zurich Insurance have jointly acquired Fidelity and Deposit Company of the U.S., one of the leading specialist insurers in the surety and fidelity business. It had 1979 premiums of about $107m and will operate under its present name as an independent affiliate of the two Swiss companies.

The purchase was made from from Houston-based American General Insurance. In July, when initial negotiations were disclosed, it was stated that the purchase price would be of about $135m.

Lower margins for Thai and Pakistan airlines

BY OUR FINANCIAL STAFF

TWO ASIAN airlines—Thai Airways and Pakistan International Airlines—report unsettled trading for the past year.

Thai Airways saw pre-tax profit fall to $5.3m for the year ended September 30, compared with $25.7m. Higher fuel costs, an unhealthy worldwide economic climate and increasing competition were to blame.

Transportation revenues increased by 39 per cent, and it carried 1.84m passengers, a rise of 18.7 per cent. During the year capital was raised to $32.5m.

Revenues at PIA outstripped forecasts, rising 29 per cent to $529m but costs increased at a sharper rate, rising by almost 37 per cent to $523m, largely as a result of higher fuel prices.

However, PIA still managed to earn an operating surplus of $7.4m during the year ending June, 1980.

Passengers carried increased by 5.9 per cent to 2.9m, while passenger-kilometre flown rose by 7.8 per cent to 5.2bn. Freight, excess baggage and main traffic showed an increase of 5.2 per cent.

Borregaard confirms downturn in trading

By William Dullforce in Stockholm

BORREGAARD, Norway's third largest industrial concern, expects 1980 pre-tax earnings to come out at around NKR 130m ($25m) almost exactly the same as in 1979. The result confirms the forecast made in October, when the management anticipated a sharp setback in the last four months of the year. Borregaard was 31 per cent ahead at the eight-month mark.

The pulp, board, chemicals and foodstuffs group provisionally estimates 1980 sales at NKR 3.3bn ($625m). This is also in line with 1979 turnover but, if the Austrian mills sold in 1979 are excluded, turnover increased by about 7 per cent.

The sale of its Austrian operations substantially reduced Borregaard's financial charges last year. Earnings by the pulp and board mills dipped sharply while chemicals continued to increase profits.

Foodstuffs were also more profitable but price regulations (which we lifted from January 1 this year) curbed earnings on detergents, hygienic products and some paper grades, according to the year-end announcement from group headquarters in Sarpsborg.

Sharp gains from Stelux Manufacturing

By Our Financial Staff

STELUX MANUFACTURING, the Hong Kong watch-making group, pushed up consolidated after-tax profit to HK$31.84m (US$6.24m) from HK$13.15m before extraordinary items for the half-year ended September 30. Operating profit rose to HK$36.26m compared to HK$14.35m. Turnover moved up 22 per cent to HK$201.13m from HK$164.17m.

In the first half of last year, extraordinary items amounted to HK$60.33m, but there were no such items in the latest half.

Stelux said that the full year's results would, in the absence of unforeseen circumstances, be a record.

Energy price-rises increase ENI sales

BY OUR ROME STAFF

ENI, the Italian state-owned energy group, reports a 40 per cent increase in sales for 1980 at L28,000bn ($30bn) compared with L19,900bn for 1979.

The figure, of which 83 per cent was attributable to the energy sector, reflects the rise in revenues from sales of oil and gas due to higher prices. The actual volumes involved were similar to those in 1979.

The company achieved a surplus of L1,600bn which has absorbed growing depreciation. For the first half of the year the company recorded a surplus of L122bn after taking depreciation into account.

ENI increased investment expenditure by 60 per cent to L2,400bn and expects to invest a total of L15,700bn in the 1980-1984 period.

The company imported into Italy 42m tonnes of petroleum and petroleum products of which all but 4bn tonnes were crude oil. It also distributed some 26.5bn cubic metres of natural gas. The figures are almost identical to those of 1979.

● IRI, the state industrial holding group, favours increased private sector shareholdings in some of its operating companies, according to Sr. Antonio Zurzolo, its director general. But moves to revive and recapitalise the group would have to be completed before private shareholders could be attracted, said.

Leading candidates for increased private participation would be the IRI-controlled banks. IRI holds 99.9 per cent of Banco Di Santo Spirito, more than 89 per cent of Banco di Roma and Banca Commerciale Italiana and 77.3 per cent of Credito Italiano.

In August the group envisaged investments of about L19,000bn by end-1984, of which about 90 per cent would go towards reviving and consolidating the position of financially troubled subsidiaries rather than new projects.

Curtiss-Wright raises offer to thwart Kennecott bid

BY DAVID LASCELLES IN NEW YORK

CURTISS-WRIGHT, the New Jersey industrial concern which is fighting an unwelcome take-over bid by Kennecott, yesterday increased the offer it is making for up to 1m of its own shares from $44 each to $46.

The self-tender compares with the $40 Kennecott is offering for just over 4m shares, or just under 50 per cent of those outstanding. Kennecott intends to obtain the remaining shares through a later swap of securities.

Curtiss said that it expects to start its offer on January 5, four days before Kennecott's offer expires. In a statement which increases the appeal of the self-tender, Curtiss also revealed that Teledyne, the Californian company which has nearly a third of Curtiss' stock, does not intend to tender any shares.

On Wall Street, speculators clearly like Curtiss' self-tender. News of the improved terms pushed Curtiss' share price up more than $1 to $42¼, well above the Kennecott offer price.

Ashland bid succeeds

BY OUR FINANCIAL STAFF

ASHLAND OIL's $40 a share bid for 45 per cent of the shares of Integon, a North Carolina life insurance company, has been oversubscribed.

Ashland said a preliminary tally indicated that 3.14m shares had been tendered against the 2.8m it is prepared to buy on a pro rata basis to be fixed after the final tally.

The oil company is also offering convertible preferred stock for the rest of Integon's shares. In total the deal could be worth about $240m.

Ashland has had a large cash hoard since it decided a couple of years ago to sell certain of its oil reserves and operations to diversify into other businesses.

Continental and Western link opposed

By Our Financial Staff

THE MERGER of Continental Airlines with the Californian carrier, Western Airlines has been opposed by the U.S. Justice Department.

This is the second time that an attempt by the two companies to merge has run into difficulties. In 1979 anti-trust objections forced the pair to drop merger proposals.

However, this latest opposition is presumably good news for UNC Resources which launched an offer for Western Airlines nine days ago. The UNC bid valued Western at between $114m and $211m.

UNC is a holding company with interests in uranium and coal. Its offer for Western, which represents an attempt to diversify away from mining, took Wall Street observers by surprise.

In comments filed with a Civil Aeronautics Board administrative law judge, the department said the merger would have "an unacceptable anti-competitive effect" on markets served by Western through Denver and Salt Lake City.

The merger would substantially lessen competition since other carriers must depend on Continental, Western, United Airlines and Frontier Airlines for connecting service, the justice said. At least 128 routes would be "adversely affected" by the merger.

Concern over railroad tie-up

By Our Financial Staff

THE U.S. Justice Department said it will reserve its decision on whether to oppose the proposed mergers of the Union Pacific, Western Pacific and Missouri Pacific railroads until after the Interstate Commerce Commission hearings.

Because it is concerned about the possible effects on competition, the department's anti-trust division said it will participate in the ICC's fact finding hearing on the proposed merger beginning in January.

COMMODITIES/REVIEW OF THE WEEK

Recession pushes most markets downwards

BY OUR COMMODITIES STAFF

THE YEAR just ended was one in which world commodity markets were more than usually influenced by factors lying outside their traditional terms of reference. The overriding influence was, of course, the deepening world recession and its effect on demand for manufactured goods and luxury foodstuffs. The inter-related factors of currency values, the price of gold, and international interest rates were also continually in the minds of traders while further complications such as the question of the U.S. hostages in Iran, the Middle East war, and the result of the U.S. Presidential election helped to keep the markets in an almost permanent state of flux.

Against this background more normal considerations like the basic supply/demand positions were often overlooked but in the long run most commodities performed in accordance with the trend in underlying physical factors.

The overall tone was downwards with only sugar and zinc among the leading markets defying this trend.

Copper began the year on a relatively strong note following the trend in precious metals. It was lifted to a peak of £1,372 a tonne for cash wirebars on the London Metal Exchange on February 12 before speculative selling began to push it lower.

About this time stock levels started to rise following 14 months of continual decline and to this bearish influence was added a sharp decline in U.S. housing starts and recurrent hopes that the U.S. hostages held in Tehran might be released. Even a protracted strike by U.S. copper workers failed to reverse the downward trend.

This began on July 2 and no major settlement was made for nearly two months, the last big company to settle being Asarco on November 12.

The market was not entirely devoid of other bullish influences during this period but the cash wirebars price still slumped to £7,635 a tonne at one stage. Among the constructive factors were the outbreak of hostilities between Iran and Iraq and the victory of Ronald Reagan in the presidential election. Investors seemed far more impressed however, with U.S. interest rates reaching record levels towards the end of the year.

Cash copper wirebars ended the year £203.50 down on balance at £791 a tonne.

The tin market was much stronger early on but still ended down on the year. A U.S. decision to unload its 35,000 tonnes strategic tin stockpile, announced in January, was quickly shrugged off and by early March the price of cash standard metal had reached an all-time peak of £8,350 a tonne. But this tone was not to last and within a few days concern over rising interest rates had begun a widespread sell-out which pushed the price down to £6,155 a tonne early last month. Cash standard tin ended the year at £6,260 a tonne for a net loss of £1,150 a tonne.

Lead prices, following the general trend of other metals, ended £204.5 down at £304.5 a tonne for cash metal after reaching a high of £579 in March and a low of £299.5 in June. But Zinc remained relatively steady trading between £400 and £282.5 a tonne before ending £2.5 up at £331.5 a tonne.

The silver price tended to follow the trend in gold rising to 2,165.05p a troy ounce and falling to 467.80p before ending 813.02p down on balance at 650.3p an ounce. But the pattern was greatly exaggerated for this metal by the speculative activities of the Bunker Hunt family on the American market.

Platinum also reflected gold but without the speculative magnification experienced in silver. The free market price climbed to £466.60 a troy ounce and fell to £230 before closing £84.30 down at £241.95 an ounce.

Other metals also declined in value, particularly those used in steel alloys. This reflected a 4 per cent decline in world steel production—the first time in history that steel output has not increased.

Among the soft commodities cocoa and coffee displayed a similar pattern showing sizeable overall declines but sugar bucked the trend with a substantial rise.

Steady supplies and declining consumption were the main reasons for the cocoa decline, which left the market about £550 down on the year just under £900 a tonne for nearby delivery.

Speculative buying pushed the price up to over £1,500 a tonne in mid-February but from then on the trend was generally downwards. Sentiment changed with the collapse of the International Cocoa Agreement whose function was to stabilise prices. Negotiations failed because producers wanted a "floor" price of at least 120 cents a pound while consumers would not move above 110 cents.

In the absence of an agreement producers tried to go it alone with their own price support strategy but this was a miserable failure. An attempt to ration market supplies led by Brazil and the Ivory Coast, the world's two biggest producers, and backed (in principle at least) by producers accounting for 95 per cent of world production was abandoned in June after it had failed to stem the market decline.

Somewhat chastened the producers returned to the negotiating table and agreed in November a pact setting the minimum price at 110 cents a pound. But the Ivory Coast and the U.S. are not participating severely limiting the pact's chance of success.

With experts forecasting another 100,000 tonnes crop surplus in the 1980-81 season on top of an aggregate surplus of 300,000 tonnes in the preceding three seasons there seems little reason to look for much buoyancy in the world cocoa market.

Producers attempts to underpin prices also failed in the coffee market. Initially a policy of market manipulation by a group of Latin American producers—plus the Ivory Coast—styling itself the "Bogota Group," showed signs of success but the group was rumoured to be running out of cash when it was wound up as part of a deal to establish a new world price pact in October.

The pact itself has not been much more successful so far. Declining prices have already forced two substantial cuts in export quotas totalling 2.8m bags (60 kilos each).

On the London futures market nearby delivery coffee prices climbed close to £1,800 a tonne in June before slipping below £1,000 in November. They ended the year £550 down at just over £1,000 a tonne.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1980/81 High	1980/81 Low
METALS					
Aluminium	£810/815	—	£760/770	£710/815	£760/70
Free Markets c.i.f.	$1450/1490	+25	$1850/1950	$2180/2200	$1400/1450
Antimony					
Free Market 99.6%	$3200/3260	—	$3300/3300	$3,435	$3150/3200
Copper Cash Wire Bars	£791	—14.75	£1,051	£1,372	£763.5
3 months Do. Do.	£805.75	—9.75	£1,074.5	£1,376.5	£781.5
Cash Cathodes	£770	—16.5	£1,019.5	£1,316	£747
3 months Do.	£786	—10.5	£1,050	£1,343.5	£763.5
Gold per oz.	$589.5	—15	$590	$835	$473
Lead Cash	£304.5	—8.25	£510	£579	£299.5
3 months	£316.5	—7.75	£500.5	£471.5	£308.75
Nickel	£3,226.57	+10.37	£3,260.17	£3,477	£3,115
Free Market c.i.f. lb	275/290c	—2.5	275/350c	315/345	265/295c
Platinum per oz	£202	—	£195	£202	£282.50
Free Market per oz	£241.95	—8.05	£325.25	£466.6	£230
Quicksilver (76lbs.)	$355/365	—5	$360/390	$418/423	$355/365
Silver per oz	650.30p	—43.85	1463.05p	2,165.05p	467.80p
3 months per oz	673.70p	—43.95	1518.0p	2,185.05p	483.5p
Tin cash	£6,260	+25	£7,470	£8,350	£6,155
3 months	£6,347.5	—6	£7,325	£8,385	£6,295
Tungsten Ind.	$141.97	—	$158	£146.21	$137.75
Wolfram (22.04 lb)	$143/146	+3	$132/136	$151/154	$128.50/154
Zinc cash	£331.5	+6	£326	£400	£282
3 months	£343	+5.5	£340.5	£415	£292.25
Producers	$825	—	$780	$825	$780
GRAINS					
Barley Home Futures	£99.00	+0.20	£96.80	£101.55	£89.95
Maize French	‡	—	£119	£122.5	£110.50
WHEAT					
No. 1 Red Spring	‡	—	‡	‡	‡
Am. Hard Winter	£105.25w	—	£104.75	£112.5	£91.0
Eng. Milling (new crop)	‡			‡	‡
SPICES					
Cloves (g)	£4,100z	—	£4,000	£4,175	£3,750
Pepper, white	$2,150z	—	$2,726	$2,625	$2,125
black	$1,610z	—	$1,926	$2,000	$1,575
OILS					
Coconut (Philippines)	$615z	—	$885	$925	$560
Groundnut 5%	‡	—		£457	‡
Linseed, Crude	£460	—	£392	$480	£338
Palm Malayan	$625w	+2.5	$655	$725	$476
SEEDS					
Copra (Philippines)	$420	—	$570	$610	$365
Soyabeans (U.S.)	$326	—4	$290.75	$381	$260
OTHER COMMODITIES					
Cocoa Shipment	£957	—12	£1,497	£1,546	£952
Cocoa Futures Mar.	£891.5	—12	£1,437.5	£1,513.5	£874.5
Coffee Futures Mar.	£1,028	—6	£1,569	£1,764.5	£959.5
Cotton Index	100.80c	+0.90	94.65c	103.8c	83c
Des Coconut	£650	—	£750	£740	£640
Jute LJ ABW C grade	£221z	—	£216	£232	£187
Rubber kilo	56p	—1	68.50p	90p	55.50
Sago Pearl	£199z	—	£216	£216	£197
Sisal No. 3	$780	—	$885	$885	$780
Sugar (Raw)	£290	—17	£167	£410	£164
Tapioca No. 1	£212z	—	£211	£226	£202
Tea (quality) kilo	‡	—	‡	150p	122p
Tea (plain) kilo	‡	—	‡	73p	54p
Wooltops 64s Warp	297p kilo	—	279p	308p kilo	976p kilo

‡ Unquoted. (g) Madagascar. (y) Feb./March. * Nominal. (z) Jan./Feb. (w) Feb.

MARKET REPORTS

COCOA

Cocoa futures drifted lower in thin conditions. Physical business was neglected, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	891-892	—5.5	895-895
May	911-912	—4.0	915-907
July	929-930	—8.5	936-929
Sept.	949-951	—8.0	954-951
Dec.	975-980	—6.0	—
March	995-1005	—4.5	—
May	1005-40	—	—

Sales: 269 (1,212) lots of 10 tonnes. ICCO Futures: Daily price for December 31: 97.29 (97.63); 10-day average 96.21 (96.10); 15-day average 95.61 (95.48).

COFFEE

Due to the closure of several London and international markets no fresh features emerged from a quiet and uneventful session in Robusta coffee. The majority of a poor day's volume consisted of switch and cross-trading in a narrow range, reports Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	997-95	—9	1004-995
March	1029-27	—8	1034-25
May	1040-39	—7	1045-38
July	1046-48	—4.5	1055-48
Sept	1053-50	—2.5	1055-51
Nov.	1052-51	—1	1055-53
Jan.	1060-55	—1.5	—

Sales: 768 (2,147) lots of 5 tonnes. ICO Indicator prices for December 31 (U.S. cents per pound): Other Mild Arabicas 126.23 (same). Robustas ICA 1976 120.50 (120.75). ICA 1968 120.75 (121.00). Unwashed Arabicas 215.00 (214.50). Comp. daily ICA 1968 unavailable.

GRAINS

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent Feb. 110.715, March 111.25 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent Feb. 105.25, March 107.25 transhipment East Coast sellers. English Feed fob April/June 115.50 East Coast sellers. Maize: S. African Yellow Jan.-Feb. 92.00 seller. Barley: English Feed fob April-June 107.00 East Coast nominal. Rest unquoted.

M'nth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Jan.	105.75	—0.05	95.40	—0.15
Mar.	107.50	—0.25	99.00	—0.35
May	111.50	—0.25	103.00	—0.45
July	115.50	—0.25	—	.....
Sept.	101.15		96.40	.....
Nov.	104.90		100.35	.....

Business done—Wheat: Jan. 104.20-103.75, March 107.95-107.50, May 112.00-111.50, July 115.35-115.35, Sept. no trade, Nov. 105.00-105.00. Sales: 196 lots of 100 tonnes. Barley: Jan. 95.70-95.30, March 99.50-99.00, May 103.65-203.00, July, Sept. no trade, Nov. 100.45-100.45. Sales: 152 lots of 100 tonnes.

RUBBER

The London physical market ruled quiet throughout the day, closing on the same note. Lewis and Peat reported a fob January price for No. 1 RSS in Kuala Lumpur of 298.5 cents a kilogramme and SMR 20 at 253.5 cents.

No. 1 R.S.S.	Yest'rd'ys close	Previous Close	Business Done
Feb.	56.50-57.60	56.50-58.80	—
Mar.	58.10-58.50	59.80-59.90	58.50
Apr-Jne	61.50-61.60	62.30-62.50	62.10-60.90
Jly-Sept	64.80-64.90	65.80-65.90	65.60-64.50
Oct-Dec	67.90-68.00	69.00-69.20	68.00-67.80
Jan-Mar	71.00-71.10	72.00-72.10	—
Apl-Jne	74.00-74.20	75.20-75.30	74.60-74.30
Jly-Sept	76.90-77.20	79.20-78.30	77.10
Oct-Dec	75.90-80.00	91.20-81.40	80.10

Sales: 487 (78) at 15 tonnes, 2 (7) at 15 tonnes. Physical closing prices (buyer) were: Spot 56.00p (56.75p). Feb. 60.20p (same). March 61.00p (62.00p).

SOYABEAN MEAL

The London market opened with gains of £2.00 on short-covering, correcting an oversold situation, reports T. G. Roddick. Prices continued firm with trade buying closing on the highs with gains of £4-£5.

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
February	129.50-29.7	+4.20	129.50-27.10
April	135.60-35.2	+4.55	136.00-35.00
June	138.50-33.0	+4.10	137.50-36.50
August	140.40-41.0	+4.85	—
October	130.30-30.8	+3.55	129.00
December	130.70-31.0	—3.85	—
February	131.00-33.5	—3.60	—

Sales: 116 (192) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £290.00 (£230.00) a tonne cif for Jan.-Feb. shipments. White sugar daily price was £318.00 (£310.00).

The market opened trading from unchanged to £10 lower in the thinnest of conditions. However, mid-session the orders entering the market appeared to be mainly of a buying nature and this reversed the initial downward trend. The afternoon saw a steady stream of trade buying coming into the market with slightly more volume changing hands. March traded to a high of £209 (against a low of £301 earlier in the day), reports C. Czarnikow.

No. 4 Contract	Yesterd'ys Close	Previous close	Business Done
	£ per tonne		
Mch.	308.50-08.75	305.00-05.50	309.00-01.00
May	307.30-07.50	305.00-05.50	306.25-01.50
Aug.	296.50-97.00	292.00-95.00	297.50-91.50
Oct.	286.10-86.25	262.00-85.00	266.00-82.00
Jan.	262.50-68.00	265.00-60.00	—
March	253.60-65.00	254.00-56.00	—
May	257.00-65.00	—	—

Sales: 1,322 lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade. The export price was unavailable ex-source.

International Sugar Agreement. Prices for Dec. 31 unavailable ex-source.

COTTON

Liverpool—Spot and shipment sales amounted to 55 tonnes, bringing the total for the week to 425 tonnes against 152 tonnes in the previous week. Despite light dealings, a fair undercurrent of demand was encountered. Orders were under consideration in North and South American and Middle Eastern styles with the prospects of additional supplies being absorbed.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller only). Jan. 349, 346; March 356, 360; May 357, 360; Aug. 370, 374; Oct. 372, 378; Dec. 377, 380; Jan. 379, 383; March 380, 385; May 390, 396.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per kilo. March 470.0, 470.5, 470.3-470.0, 23; May 484.0, 484.5, 484.0-483.1, 16; July 500.0, 500.5, 501.0-499.5, 40; Oct. 500.0, 501.0, 501.0-500.0, 3; Dec. 503.0, 503.8, 504.0-503.0, 5; March 509.0, 511.5, 510.0-510.0, 5; May 515.1, 516.8, 517.0-515.1, 16; July 518.0, 524.0, nil, nil. Sales: 114.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on January 2. GB Cattle 81.84p per kg lw (−3.38). UK Sheep 147.34p per kg est dcw (−13.45). GB Pigs 67.60p per kg lw.

POTATOES

LONDON POTATO FUTURES—The market was quiet and featureless, reports Coley and Harper. Closing prices: Feb. 54.90 +30 (high 55.00, low 54.70); April 68.20 +40 (high 68.10, low 68.00); Nov. 51.60 +20. Turnover: 11 (32) lots of 40 tonnes.

AMERICAN MARKETS

NEW YORK, January 2.

LIGHT SHORT covering in silver caused the market to be mixed. Gold was lower because of failure to penetrate important resistance levels. Copper received support from constructive economic news. The livestock complex was mixed as all markets await direction from fundamentals. Local activity plus evening up ahead of the export sales report left the cotton closes mixed in a very narrow range. Grains and soyabeans had another impressive rally in anticipation of good export business with fair commercial support. Sugar, coffee, and cocoa markets were closed, reports Heinold.

Copper—Jan. 85.35 (83.75), Feb. 86.70 (85.15), March 87.90-88.10, May 90.40, July 92.30, Sept. 94.20, Dec. 96.60, Jan. 97.40, March 99.00, May 100.50, July 102.00, Sept. 103.50. Sales 2,800.

Tin—684.0-694.0 (684.0-698.0).

CHICAGO, January 2

Lard—Chicago loose 22.00 (same).

Live Cattle—Jan. 65.20-65.10 (65.15), Feb. 67.95-67.90 (68.07), Apr. 69.92-69.85, June 71.50-71.35, Aug. 71.65-71.50, Oct. 70.30-70.25, Dec. 71.05, Feb. —.

Live Hogs—Feb. 47.00-47.15 (47.75), April 47.95-48.10 (48.20), June 51.90-52.00, July 53.12-53.20, Aug. 52.20, Oct. 52.50-52.15, Dec. 54.00, Feb. 55.70, April 55.00.

‡‡Maize—March 381½-382 (378), May 390-388½ (385¼), July 390-388¾, Sept. 379½, Dec. 368½-368¾, March 378½.

Pork Bellies—Feb. 54.25-54.00 (55.57), March 54.90-55.20 (55.95), May 57.35-57.20, July 59.95-59.90, Aug. 59.70.

Silver—Jan. 1561.0 (1563.0), Feb. 1585.0-1580.04 (1585.0), March —, April 1630.0, June 1671.0, Aug. 1700.0, Oct. 1755.0, Dec. 1800.0, Feb. 1843.0, April 1886.0, June 1929.0, Aug. 1985.0, Oct. 2015.0, April 2144.0, June —.

‡Soyabeans—Jan. 812-814 (788½), March 840-841 (815½), May 866-868, July 884-886, Aug. 880, Sept. 851, Nov. 840, Jan. 857½.

||Soyabean Meal—Jan. 236.5-237.0 (231.7), March 246.5-247.0 (241.3), May 254.0-254.5, July 259.0-259.5, Aug. 259.0, Sept. 250.0, Oct. 240.-241.0, Dec. 242.0, Jan. 241.0-244.0, March —.

Soyabean Oil—Jan. 25.05 (24.25), March 25.85-25.90 (25.18), May 26.70-26.90, July 27.60-27.75, Aug. 27.80, Sept. 27.80-28.00, Oct. 28.00, Dec. 28.08, Jan. 27.90-28.00, March —.

†Wheat—March 509-508 (501), May 518-518½ (510¼), July 502½-503, Sept. 514½-515, Dec. 534½, March —.

WINNIPEG, January 2. §Barley—March 159.50 (158.76), May 161.40 (160.00), July 162.70, Oct. 164.70, Dec. 165.00.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen. †† $ per metric ton.

INDICES

FINANCIAL TIMES

Dec. 31	Dec. 30	Month ago	Year ago
262.53	261.05	266.56	295.13

(Base: July 1, 1952=100)

MOODY'S

Dec. 31	Dec. 30	Month ago	Year ago
1215.8	1218.6	1296.4	1390.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Dec. 31	Dec. 30	Month ago	Year ago
Spot	442.16	440.08	460.64	415.77
Fut'rs	464.80	460.15	495.29	421.10

(Average 1924-25-26=100)

REUTERS

Jan. 2	Dec. 31	M'nth ago	Year ago
1721.8	1713.0	1759	1710.6

(Base: September 18, 1931=100)

Council to spend more on jobs

STRATHCLYDE Regional Council's economic and industrial development committee is to spend more to attract industry and jobs to the region. Its budget for the purpose this year will rise by more than 60 per cent from £270,000 to £455,000.

The committee is one of the only two in Strathclyde to get an increased budget. Other committees will meet to discuss the £17m cuts recommended to meet the Government's spending limits.

APPOINTMENTS

Fairey Holdings replaces chairman

Following the acquisition of Fairey Holdings by the Doulton Group in June last year, Mr. R. H. Lamb, Doulton's Group managing director, has become chairman of FAIREY HOLDINGS in succession to Mr. Angus Murray who remains on the Board of Fairey Holdings as deputy chairman.

★

Mr. John McLeod has been appointed chairman of Harrisons Malaysians Estates in succession to Mr. F. W. Harper, who remains a director. Mr. P. T. Gunton becomes chairman of Malayalam Plantations (Holdings) in place of Mr. Harper, who has retired. Mr. B. T. Joyce has been made a director and chairman of the Sabah Timber Company, replacing Mr. McLeod who has resigned. Mr. P. C. Thornton is now secretary of HARRISONS & CROSFIELD following the retirement of Mr. L. Gladwish.

★

EUROPEAN BANKING COMPANY has made the following appointments to its Board and management: Mr. W. A. Blackwell and Mr. D. R. Mitcham, executive directors; Mr. J. Cox and Mr. G. Skinner, assistant directors; and Mr. A. Crede, Mr. T. A. Lebus, Mr D. P. Moorhouse, and Mr. J. M. Potterton, assistant managers.

★

DALY HARVEY YETMAN LIMITED, a member of the Arbuthnot Latham Group, has appointed Mr. Harold James, at Bristol, with special responsibility for business development.

★

Mr. R. S. Harryman has been appointed personnel director of PROCTER & GAMBLE in the UK. He succeeds Mr. H. L. Andrews, who is taking up a position with Procter and Gamble in the U.S.

★

Mr. Ray Apted has been appointed managing director of MESSENGERS (Birmingham) in addition to his position as managing director of Akerman and Jeavons (Birmingham) and a director of Pentos Engineering Group. Mr. Patrick Hooper has become managing director of Barker Ellis Silver Company. The parent concern is PENTOS LIMITED.

★

Mr. R. J. Elliott, Mr. S. M. Francis, Mr. J. M. W. Gould, Mr. B. M. Hanner, Mr. P. M. R. Norris and Mr. M. D. Reeder have been appointed managers of BARING BROTHERS & CO.

★

Professor Robert Heritage has resigned from the Board of CONCORD ROTAFLEX and has reverted to his former position as consultant designer to the group. Mr. L. U. R. Zucchi has resigned from the Board but remains a director of the principal operating subsidiary, Concord Lighting International. Mr. D. J. Capron has resigned from the Board.

★

Mr. Alan G. Pendleton has been appointed joint managing director of WGI. At the same time the company has formed a sub-holding member, West's Industrial Holdings, to carry the investments in companies in the refractories and the mechanical and structural engineering divisions, which have been merged. Dr. Geoffrey H. Davenport has become chief executive of the new industrial division and managing director of the new sub-holding company and he has been succeeded as managing director of DSF Refractories by Mr. David A. Northam. Other new appointments within that division include Mr. John Catterall as managing director and Mr. Frederick J. Williamson as financial director and secretary of Tully Engineering Company.

Mr. Brian G. Ward has been made managing director and Mr. Don Fagan a director of WGI Security Systems, the sub-holding company responsible for the recent investment in the Movalarm Television Surveillance Company, of which Mr. Ward becomes chairman. Mr. Malcolm O. Dorrington has been appointed a director of Intrusion Prepakt (UK), also recently acquired by WGI and now a subsidiary of West's Geotechnical Holdings.

★

Following the acquisition of FAIREY HOLDINGS by the Doulton Group in June last year, Mr. R. H. Lamb, Doulton's group managing director, has become chairman of Fairey Holdings in succession to Mr. Angus Murray, who remains on the Board of Fairey Holdings as deputy chairman.

★

Mr. Martin Vandersteen has become chairman of the MANAGEMENT CONSULTANTS ASSOCIATION and Mr. Michael West has been made vice-chairman. Mr. Vandersteen is head of the management consultancy diviison of Arthur Andersen and Co. Mr. West is managing director of the Economist Intelligence Unit.

★

Mr. A. J. Shepperd, a non-executive director of the METTOY COMPANY has become non-executive chairman and Mr. Peter Katz, managing director, has been made chief executive. Mr. R. Cooper joins the Board as a non-executive director. Mr. Arthur Katz has retired as chairman and from the Board but remains a consultant. Mr. A. Heaton has retired from the company.

★

Mr. P. A. Cox has been appointed managing director of the MINSTER INSURANCE GROUP.

★

Mr. J. R. Bettinson has become chairman and Mr. G. H. Fra[illegible]man joins the Board as a non-executive director of SAMUEL GROVES & CO., Birmingham. Mr. D. F. Dodd has retired as chairman.

★

LILLY INDUSTRIES has appointed Dr. Warren T. Dent as director of Elanco operations, its agrochemical and animal health division. Dr. Dent is at present manager of market research international at the company's headquarters, Indianapolis, U.S., and will be moving to Elanco's marketing offices in Basingstoke, Hampshire. He succeeds Mr. Ron. Clarke, who goes to Indianapolis as director Asian operations.

Mr. John Walton, director market research and information services for the pharmaceutical division of Lilly Industries, becomes marketing director for Elanco Benelux and will move to the Brussels office. Mr. John Danes has been made marketing manager, poultry, Elanco Eastern Europe in Vienna. An associated company, Eli Lilly and Co. has appointed Mr. Michael Benford as diabetes project manager.

★

Sir Montague Pritchard has been appointed deputy chairman and Mr. Malcolm Horsman managing director of TOZER KEMSLEY AND MILLBOURN (HOLDINGS). Sir Montague retired as chairman and chief executive of the Perkins Engines Group in 1975. He became a non-executive member of the main Board of TKM in 1976. Mr. Horsman has been a director of Tozer Kemsley and Millbourn (Holdings) since 1975.

★

Mr. E. C. Simmons has been appointed resident manager of TEATHER AND GREENWOOD'S, stockbrokers, Geneva office.

★

BERRIDGE ENGINEERING has made the following appointments: Mr. J. C. H. Deakin has become managing director, Mr. P. Hogg, technical director, and Mr. L. Westcott, works director.

★

Mr. Arthur Katz, chairman, has decided to retire from the Board of METTOY. He continues as a consultant. Mr. A. Heaton, having reached retirement age, has decided to resign. Mr. A. J. Shepperd, a non-executive director for the past two years, assumes the office of non-executive chairman. Mr. Peter Katz, managing director, becomes chief executive. Mr. R. Cooper joins the Board as a non-executive director.

★

Mr. R. Bushell has been appointed a director of ALEXANDER HOWDEN GROUP.

A new life and pensions division has been formed with Mr. J. D. Walkden as chief executive. Mr. A. Brown (pensions) and Mr. J. B. Hills (life and administration) have been appointed managing directors. The directors of the new division will include Mr. J. D. Clarke, Mr. D. Fairhurst and Mr. N. K. Ward who together with Mr. Walkden, Mr. Brown and Mr. Hills will constitute the executive committee of the division.

★

Mr. Frank Carter has been appointed a director of LTJ VARIAPLAN.

★

Mr. E. B. G. Cloves, chairman and chief executive of Target Life Assurance Company, has also been appointed chairman and chief executive of TARGET TRUST MANAGERS. As previously announced, Mr. A. P. W. Simon, who has retired as chairman of Target Trust Managers, is continuing with Target as a consultant. Mr. M. H. A. Broke, a director of RIT, and Mr. P. A. Hill-Walker, managing director of Target's subsidiary Carliol Investment Management, are also joining the Target Trust Managers Board.

★

Executive officers appointed by the UK OFFSHORE OPERATORS ASSOCIATION for 1981 are Mr. G. A. Schurman (Chevron), president; Mr. W. L. Kinney (Marathon), vice-president, England; Mr. J. D. Ratcliffe (Occidental), vice-president, Scotland; Mr. J. E. Teddlie (Monsanto), honorary treasurer; and Mr. J. S. Jennings (Shell), honorary secretary.

★

Mr. Denys Randolph has relinquished his directorship of DUPORT because of other commitments.

★

Mr. Alan Ford, actuary to HAMBRO LIFE, is leaving the company when his service agreement comes to an end at June 30. His place will be taken by the deputy actuary, Mr. Phil Smith, who has been appointed as an executive director of the company.

★

WILLIS FABER AND DUMAS (UK) has appointed Mr. R. B. Arthurton, Mr. D. G. Cole and Mr. R. B. Guthrie executive directors.

★

Dr. Hans Peter Enderlin has been appointed to the management Board of BANK LEU AG, ZURICH.

★

Dr. Thomas P. Gasser and Mr. Edwin A. Weibel have been promoted to general managers of SWISS ALUMINIUM COMPANY, ZURICH.

★

Mr. D. R. Y. Bluck, has been appointed chairman of the SWIRE GROUP in Hong Kong in place of Mr. J. H. Bremridge, who has retired. Mr. Bluck will also be chairman of a number of other group subsidiary or associated companies.

★

Mr. Joseph M. Magliochetti has been appointed president of DANA-EUROPE and will be responsible for all the parent company's assets in Europe.

★

Mr. David McLeod and Mr. John Heywood have been appointed managing directors of JARDINE MATHESON AND CO. Mr. McLeod becomes a [illegible]

★

Mr. Derek James has been appointed manager of the City branch of the SUN ALLIANCE INSURANCE GROUP. He succeeds Mr. "Tommy" Begg who retired on December 31.

★

Mr. D. M. Sandy Saunders has been appointed a non-executive director of RCF HOLDINGS.

OVERSEAS

Douglas Aircraft promotion

Mr. Ray E. Bates has been made vice president, general manager new commercial programs at DOUGLAS AIRCRAFT COMPANY division of McDonnell Douglas Corporation. He will direct the integrated planning, marketing, technical and business functions of the new commercial programs office.

Mr. Stephen A. Unger has been made vice president foreign sales for the theatrical film division of CBS.

★

Mr. John Ansdell, finance director of MERCK SHARPE AND DOHME, has been appointed managing director of Merck Sharp and Dohme, New Zealand.

★

ICI ORGANICS DIVISION has decided to appoint a resident sales director in Hong Kong. He is Mr. Jim Keaton, currently marketing manager for dyes and intermediates, who will take up the new appointment when he joins the board of Organics Division on January 1. He will also become a director of ICI (China) on the same date.

★

Mr. Joseph M. Magliochetti has been appointed president DANA-EUROPE and will be responsible for all the parent company's assets in Europe.

★

Southern Railways System president Mr. Harold H. Hall has been elected to the board of the RIGGS NATIONAL BANK, Washington, DC.

★

AMERICAN SCANDINAVIAN BANKING CORPORATION, New York, has appointed Mr. Bror V. Ingvarson and Mr. Richard D. Miles as executive vice-presidents. Mr. Ingvarson will be responsible for administration and Mr. Miles for asset management and corporate finance.

★

Mr. Robert H. Sloan will become president and chief executive officer of ALBANY INTERNATIONAL, New York, on January 5. Mr. Sloan has been president and chief operating officer since 1976. He succeeds Mr. Everett C. Reed, who is now chairman and chief executive, who will continue as chairman.

★

Mr. John Farmakidis has been elected general manager of the BANK OF ATTICA, Athens, Greece.

★

Mr. Edward Cramsie, manager, engineering department, has been made a vice-president of THE RALPH M. PARSONS COMPANY, Pasadena.

★

Mr. Robert T. Brown, Gulf Oil Corporation's Canadian-born vice-president in charge of corporate planning, has returned to Canada as executive vice-president of GULF CANADA PRODUCTS COMPANY.

CONTRACTS

Microwave links

[illegible] telephone network incorporating four Pentomat [illegible] systems and using two microwave links has been installed by the North West Water Authority. The systems were supplied by ITT BUSINESS SYSTEMS at a cost of £400,000. The microwave links were installed to reduce the cost of telephone calls from unmanned telemetry locations monitoring reservoir levels, tides, rainfall and (in conjunction with the Meteorological Office) weather radar—all services provided by the Authority. By incorporating the links into the voice communication network, the Authority is able to use their surplus capacity and save the rental cost of private lines.

★

J. AND S. SIEGER has been awarded a contract worth £140,000 for Sieger Model FS1 control modules and type 780 gas detectors. The contract covers the supply of a gas detection system to protect a stabilising plant at Seal Sands, Middlesborough. This complex is operated by Phillips Exploration UK.

★

PETER BROTHERHOOD has eceved an order worth over £250,000 for two 650 kW waste heat recovery steam turbo-generating sets for installation in two 75,900 tdw bulk carriers to be built by Sunderland Shipbuilders for Buries Markes, London. The system is designed to work in conjunction with a 5 cylinder B & W type main engine developing 12,320 bhp in service.

★

SPP GROUP has received two orders from BNOC (Developments) worth almost £140,000. Sigmund Pulsometer Pumps, a member of the SPP Group, is to supply and install the pumps, drive arrangements and ancillary equipment for fire protection duties on the Zapata Nordic jack-up rig in the Beatrice Field which is being converted by BNOC (Developments).

★

To complement 26 diesel engine test cells designed and installed by AUTOSENSE EQUIPMENT for Perkins Engines at Eastfield, Peterborough, Autosense has been awarded a further contract worth £80,000 for two computer controlled cold test stands. These cold test stands will provide a fast "early warning" of basic engine problems before engines go on to "hot" testing in the computer-controlled test cells.

★

FRENCH KIER INSULATION, licensed contractor in the London and Eastern counties area for Shell's new cavity wall insulation system Thermopearl, has won more than £150,000 of domestic and commercial orders, including work for Wimpey Homes and an office development at Shell UK Oil's Shell Haven Refinery. This system, guaranteed for the life of the building, consists of expanded polystyrene beads which are injected into cavity walls with a compressed-air gun. As the beads enter the cavity they are adhesive bonded and, when set, form a self-supporting block of insulation which the company claims will not shrink, crack, settle or flow and does not deteriorate with age.

SCAN COMPUTERS, Storrington, Sussex, subsidiary of Scandata International, has secured a £700,000 order from the Government Agricultural Research Council for 22 Texas Instruments DS990 computers plus software.

★

KENT PROCESS CONTROL has received an order worth around £140,000 for the supply of flowmeters and associated electronics to Aughinish Aluminium. The flowmeters are for use on the alumina plant at Shannon, Eire, with a phased delivery to be completed by the first quarter of 1981.

★

A contract, valued at £700,000, has been awarded to MARRYAT JACKSON NORRIS for mechanical, electrical and public health engineering services in Quadrant House, 55-58 Pall Mall. The development by City and Continental Property Group, on behalf of the Merchant Navy Officers Pension Fund, comprises a new building of 32,000 square feet of air-conditioned offices behind the existing facade. Main contractor is Wiltshiers. Demolition of the old building was completed by July 1980 and the building will be completed in March 1982.

★

A research contract valued at £115,000 has been placed by the Department of Industry with MICROELECTRONICS APPLICATIONS RESEARCH INSTITUTE, Newcastle, which the company claims could lead towards providing British industry with a better set of tools and techniques for microprocessors to be applied more cheaply and also help in avoiding the rest of the UK falling further behind in the use of key technology.

★

MODULAR SUPPORT SYSTEMS, London, has an order, worth about £400,000, to install a twin modular operating theatre suite in a new hospital project in Cardiff, Wales.

★

HUMPHREYS AND GLASGOW SERVICES, has been awarded three contracts totalling over £1m in the Glasgow area for plumbing and heating installations.

★

An £860,000 contract to re-model kitchens and dining facilities at Ipswich Hospital has been awarded to F. J. CONSTRUCTION, building division of Jackson Group.

Stock Exchange dealings

Wednesday, December 31	13,774
Tuesday, December 30	15,188
Monday, December 29	11,230

The list below gives the prices at which bargains were done by members of the Stock Exchange and recorded in last Wednesday's Stock Exchange Daily Official List. For those securities not marked in Wednesday's List, we show the latest markings recorded during the previous two business days, these are distinguished by the date shown in parentheses.

The number of dealings marked on Wednesday in each section follows the name of the section. Unless otherwise denoted, shares are £1 fully paid and stock £100 fully paid.

Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 pm only, but later transactions can be included in the following day's Official List. The figures shown above, on the other hand, are the total number of bargains transacted in all securities up to 3.30 pm. No indication is available as to whether a bargain represents a sale or a purchase. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

‡ Bargains at Special Prices. Δ Bargains done with or between non-members. ○ Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ▲ Bargains done for delayed delivery or "no buying-in." SA—$Australian; SB—$Bahamian; SC—$Canadian; SHK—$Hong Kong; SJ—$Jamaican; SMa—$Malaysian; SMe—$Mexican; SNZ—$New Zealand; SS—$Singapore; SUS—$United States; SWI—$West Indian.

BRITISH FUNDS (323)

[illegible]

CORPORATIONS (6)

FREE OF STAMP DUTY

[illegible]

SHORT DATED BONDS FREE OF STAMP DUTY

[illegible]

PUBLIC BOARDS (13)

FREE OF STAMP DUTY

[illegible]

COMMONWEALTH GOVTS. (2)

REGISTERED AND INSCRIBED STOCKS FREE OF STAMP DUTY

[illegible]

FOREIGN STOCKS (2)

COUPONS PAYABLE IN LONDON

[illegible]

BREWERIES (43)

[illegible]

COMMERCIAL (947)

A—B

[illegible]

C—D

[illegible]

Chubb & Son (20p) 80½ 80
Coalite Gp. (25p) 110○ 11 12
Coats Patons (25p) 55 4
Combined English Stores Gp. (12½p) 30
Comfort Hotels Intnl. (10p) 20○
Concentric (10p) 40 (29/12)
Cooper (F.) (Hldgs.) (10p) 23○
Cooper Indus. (10p) 10½
Cornell Dresses (5p) 50½ 50

E—F

[illegible]

G—H

[illegible]

Howard Machinery (25p) 12○
Howden Grp. (25p) 132½ (30/12)
Hudson's Bay Co. $84Δ○

I—J—K

ICL (25p) 68 70 1
[illegible] (25p) 58 (30/12)

ACTIVE STOCKS

YESTERDAY—

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
Gieves Grp.	20p	4	64	+ 4	64	20
Hanson Trust	25p	4	211	+ 3	211	120
Lucas Inds.	£1	4	193	− 1	264	186
Beecham	25p	3	179	—	179	108
Bowater	£1	3	185	− 2	214	141
Brengreen	10p	3	45	+ ½	45	14
Brockhouse	25p	3	36	+ ½	57	25
Charterhall	5p	3	106	+ 8	108	52½
GEC	25p	3	620	+13	620	326
ICI	£1	3	326	+ 2	402	314
Lonrho	25p	3	95	—	120	72
Marks & Spencer	25p	3	118	+ 2	121	77
Assoc. Dairies	25p	2	196	+ 6	200	120
BAT Inds.	25p	2	242	—	295	223
BOC Int.	25p	2	105	+ 1	105	56

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1980-81 high	1980-81 low
Hanson Trust	25p	23	211	+20	211	120
GEC	25p	21	620	+24	620	326
BP	25p	20	418	− 8	502	320
Tricentrol	25p	20	342	+14	428	258
Beecham	25p	19	179	+ 7	179	108
ICI	£1	19	326	+ 8	402	314
Courtaulds	25p	17	56	+ 3	87	49
ICL	25p	17	70	+ 7	196	63
BSR	10p	15	31	+ 2	42	18
Charterhouse Pet.	25p	15	94	+ 4	117	72
GKN	£1	15	156	+13	279	133
BOC Int.	25p	14	105	+ 5	105	56
Land Securities	50p	13	378	+17	397	237
Tn. & City Props.	10p	13	29½	+ 2	31½	16
European Ferries	25p	12	148	—	192	98

BASE LENDING RATES

A.B.N. Bank	14 %	Greyhound Guaranty	14 %
Allied Irish Bank	14 %	Grindlays Bank	‡14 %
American Express Bk.	14 %	■ Guinness Mahon	¶14 %
Amro Bank	14 %	■ Hambros Bank	14 %
Henry Ansbacher	14 %	C. Hoare & Co.	†14 %
A P Bank Ltd.	14 %	Hongkong & Shanghai	14 %
■ Arbuthnot Latham	14 %	Keyser Ullmann	14 %
Associates Cap. Corp.	14 %	Knowsley & Co. Ltd.	16 %
Banco de Bilbao	14 %	Langris Trust Ltd.	14 %
BCCI	14 %	Lloyds Bank	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15 %
Bank of N.S.W.	14 %	Midland Bank	14 %
Banque Belge Ltd.	14 %	■ Samuel Montagu	14 %
Banque du Rhone et de la Tamise S.A.	14½ %	■ Morgan Grenfell	14 %
Barclays Bank	14 %	National Westminster	14 %
Beneficial Trust Ltd.	15 %	Norwich General Trust	14 %
Bremar Holdings Ltd.	15 %	P. S. Refson & Co.	14 %
Brit. Bank of Mid. East	14 %	Rossminster	14 %
■ Brown Shipley	14 %	Ryl. Bk. Canada (Ldn.)	14 %
Canada Perm't Trust	15 %	Slavenburg's Bank	14 %
Cayzer Ltd.	14 %	E. S. Schwab	14 %
Cedar Holdings	14 %	Standard Chartered	14 %
■ Charterhouse Japhet	14 %	Trade Dev. Bank	14 %
Choulartons	14 %	Trustee Savings Bank	14 %
C. E. Coates	14 %	Twentieth Century Bk.	14 %
Consolidated Credits	14 %	United Bank of Kuwait	14 %
Co-operative Bank	*14 %	Whiteaway Laidlaw	14½ %
Corinthian Secs.	14 %	Williams & Glyn's	14 %
The Cyprus Popular Bk.	14 %	Wintrust Secs. Ltd.	14 %
Duncan Lawrie	14 %	Yorkshire Bank	14 %
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½ %		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.
‡ Call deposits £1,000 and over 11½%.
¶ 7-day deposits 12%.

Swire Pacific A 27½0
Westfort Pets. 395©
Woodside Pets. 158

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

* Denotes Irish currency.

DECEMBER 31

American Oil Field Systems (Ptly. Pd.) 60 ½ 3
Baker Electronics 74
Cambridge Pet. Royalties 260 5 70
Celtic Basin Oil Ex. 45
CIC Invest. 2 ⅜ ⅝
Clairmace 12
Dollar Land 27
Edinburgh Secs. 281
Exchem 125
GRA Property Tst. 14 15 ¼
Javplant 6½ 7½
Manchester Utd. FC 170
Nationwide Leisure 7½ 8½
New Court Natural Res. 84 6 7
OPE 122
Sheraton Secs. Int. 13½
SPO Minerals 135

DECEMBER 30

American Oil Field Systems (partly pd.) 58 60½
Asprey £34½
Baker Electronics 73
Brint Inv. 340
Caledonian Offshore 300
Cambridge Pet. Royalties 260 5 70
Carlton Real Estate (10p) 21½ 2 3
Celtic Basin Oil Exploration 60
C.I.C. Inv. Hldgs. 2½ 9/16 ⅝
C.I.C. Inv. (10p) 3¼
Clairmace 12½
Commercial Bank of Wales 78
Edinburgh Secs. 283 4 5
Exchem Hldgs. 123
Gibbs Mew 210
Intervision Video 7pcCnv.Red.Cum.Pf. 119
Intervision Video Pfd. 30½ 1 30¾ ½ 1 2 3
Javplant 7
Jenkin Purser 7¼
Jessel Trust 10½ 11 12
Kennedy Brookes 84½
Le Riches Stores 250

Morley (R. H.) 48
Nationwide Leisure 7½ 8½
New Court Natural Resources 86 7 8 9
Nimslo European (£1) 606 36 50. 14pcB Uns.Ln. 1983-88 £55.30
Norton Villiers Triumph 2
O.R.E. 122
P.M.P.A. Insurance 56
Quest Automation 156
Rolfe Nolan Computer Services 70
S.P.O. Minerals 33 35
Southern Newspapers 147
Swan Hunter ½
Tom Hill 9½
Twinlock 13
Welsh Industrial Inv. Tst. 152
West Hampshire Water A 482
Yelverton Invsts. 37

DECEMBER 29

Airship Industries 80
Ascot TV Rentals 6½
Baker Electronics 74
Brint Invsts. 340
Carlton Real Estates 19 20½
CIC Inv. 2 ¼ ½ ¾
Edinburgh Secs. 292 304
Exchem 125
Exeter Building & Construc. 83
Gibbs Mew 207
GRA Prop. Tst. 14½
Intervision Video 30½ 30 1
Do 7pcCnvPrf. 119
Javplant 7½
Jessel Trust 8 9 10½
Kenmare Oil Exploration 25
Kennedy Brookes 84
Le Riches Stores 250
Mainline Electronic 2½
Manx & Overseas Inv. Tst. 21½
Namunakula Tea Ests. 9
Nimslo European 606 21 36 50
Do 14pc B 1983-8 £55.30
Norton Villiers Triumph 1½
Oldham Brewery 73
Quest Automation 149
SPO Minerals 121 3 4 5 7 8 ¾ 33 5
Tom Hill 8
Webber Electro Components 107
Welsh Ind Invst 146½ 7
West Hampshire Water 480
Yelverton Invst. 37 9

DECEMBER 24

American Oil Field Systems Ptly. Pd. 60
Blyth Greene Jourdain 210 12
Booth (Charles) 15
Caledonian Offshore 4pc Cnv. £15.01
CIC Inv. 2⅛ 7/16 ½ 9/16 ⅝
Conroy Petroleum Nat. Res. 155*
GRA Prop. Tst. 14½

Intervision Video Pfd. 30 1
Jenkin Purser 7¼ ½
Jennings Bros. 87
Mainline Electronic 12pc Cnv. Pfd. 2½
North Sea Assets 145
PMPA Insurance 55©
SPO Minerals 119 21 5
Webber Electro Components 103 5 6

RULE 163 (3)

Bargains marked for approved companies engaged solely in mineral exploration.

DECEMBER 31

* Denotes Irish currency.
Aran Energy 320 1½ 412*
Berkeley Exploration Prod. (50p pd.) 258 60
Candecca Resources 274 5 7
Floyd Oil Participations 141 ½ 2
Marinex Petroleum 130

DECEMBER 30

* Denotes Irish currency.
Aran Energy 330 5
Berkeley Exploration Production 253 60 3 4
Candecca Resources 224 ¾ 5 6 7 8
Floyd Oil Participation 140 5
Marinex Petroleum 130 2
Sun Oil (UK) Oil Royalty 400 20

DECEMBER 29

Aran Energy 325 35
Berkeley Exploration Production (50p paid) 262 5 8 9
Candecca Resources 244 5 6 7
CCP North Sea Associates 267 8 70
Floyd Oil Participations 147
Marinex Petroleum 130 2
Sun Oil (UK) Oil Royalty 410 20 7 30

DECEMBER 24

Aran Energy 310 15 18 20 5 30
Berkeley Exploration Prod. (50p paid) 255 60 1
Candecca Resources 224 5 6 7
CCP North Sea Associates 267 8 70
Marinex Petroleum 130 3
Pict Petroleum 340 50 5
Sun Oil (UK) Oil Royalty 380 98

(By permission of the Stock Exchange Council)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051-548 6555)	13½	½-year	1,000	5-7
Redbridge (01-478 3020)	13¼	½-year	200	5-6

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares %
Abbey National	†10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Aid to Thrift	†10.85	11.37	—	—
Alliance	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs., 9.75 2 yrs., 9.50 1 yr.
Anglia Hastings and Thanet	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Bradford and Bingley	†10.25	10.50	11.75	11.25 one month's notice deposit
Bridgwater	†10.25	10.50	12.00	12.50 5 yrs., 12.00 4 yrs., 11.60 2½ yrs.
Bristol and West	9.00	9.25	10.50	—
Bristol Economic	†10.25	10.50	11.75	11.25 3 months. Escalator shares 11.00-12.50 (1-5 years)
Britannia	†10.25	10.50	11.75	12.50 5 yrs., 11.75 2 months' notice
Burnley	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Cardiff	9.00	10.25	11.25	—
Catholic	†10.50	10.75	11.65	— Share a/cs 10.95 over £5,000
Chelsea	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.30 6 mths., 10.65 1 yr. (min.).
Cheltenham and Gloucester	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Cheltenham and Gloucester	—	10.25	—	— Premium shares including 1.00 bonus p.a. (£15,000 or £20,000)
Citizens Regency	†10.25	10.85	12.05	12.85 5 yrs., 12.35 4 yrs., 11.85 3 yrs.
City of London (The)	9.25	9.50	10.50	10.25 2 mths.
Coventry Economic	9.00	9.25	10.50	10.75 4 yrs., 10.25 3 yrs., 10.00 3 mths.
Coventry Provident	9.00	9.25	11.25	10.30 5 yrs., 10.75 4 yrs., 10.00 3 mths.
Derbyshire	9.00	9.25	10.50	9.50 3 mths.
Ealing and Acton	†10.25	11.00	—	11.65 2 years, £2,000 minimum
Gateway	9.00	9.25	10.50	9.50 6 mths. rising to 11.25 5 yrs.
Greenwich	†—	10.75	12.00	12.75 5 yrs., 12.25 4 yrs., 11.75 3 yrs.
Guardian	†10.25	10.75	—	12.25 6 mth., 11.75 3 mth., min. £1,000
Halifax	†10.25	10.50	11.75	12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs.
Heart of England	9.00	9.25	10.50	— 3 mths. notice 10.00, 5 yrs. 11.25
Hearts of Oak and Enfield ...	†10.25	10.75	12.25	12.00 4 yrs., 11.75 3 yrs., 11.50 2 yrs.
Hendon	9.50	10.00	—	11.00 6 mths. minimum £2,000
Huddersfield and Bradford .	9.00	9.25	10.00	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs., 9.75 2 yrs.
Lambeth	9.00	9.50	11.25	11.25 5 yrs., 11.00 6 months' notice
Leamington Spa	†10.35	10.60	14.19	12.55 5 yrs., 12.30 4 yrs., 11.90 3 yrs.
Leeds Permanent	†10.25	10.50	11.75	12.50 5 yrs., opt. from 10.75 6 mths.
Leicester	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs, 10.25 3 yrs.
Liverpool	9.00	9.25	10.70	11.25 5 yrs. minimum £1,000
Melton Mowbray	†10.35	10.60	11.75	13.10 6 yrs., 12.10 4 yrs., 11.35 2 yrs.
Mornington	†11.25	11.75	—	—
National Counties	9.25	9.55	10.55	— 35 days' notice 10.25 min. dep. £500, 10.65 6 mths.
Nationwide	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 9.75 1 yr.
New Cross	†11.00	11.25	—	11.25 12.50 on share accs., depending on min. balance over 6 mths.
Northern Rock	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Norwich	†10.25	10.50	12.00	11.50 3 yrs., 11.25 2 yrs., min. £500
Paddington	8.75	9.75	11.25	10.50 6 mths., 10.25 3 mths.
Peckham Mutual	†10.50	11.00	—	—
Portman	9.00	9.25	10.50	11.25 5 yrs., 10.30 6 mths.
Property Owners	9.25	9.75	11.20	11.25 4 yrs., 11.00 6 mths., 10.50 3 mths.
Provincial	9.00	9.25	10.50	10.25 5, 4, 3 yrs., 9.75 2 yrs.
Skipton	†10.25	10.50	11.75	12.50 5 yrs., 11.60 wdl. 1 mth. loss int.
Sussex County	†10.50	10.75	12.55	12.55 5 yrs., 12.15 4 yrs., 11.75 3 yrs.
Sussex Mutual	†10.50	10.85	12.50	11.25-12.50 all with special options
Town and Country	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Walthamstow	†10.25	10.60	11.75	12.60 5 yrs., 11.6 6 mth. not min. £500
Wessex	†10.50	11.20	—	12.20 min. 3 yrs., 6 mth. notice of wdl.
Woolwich	†10.25	10.50	11.75	10.75 (6 mths.), rising to 12.5 (5 yrs.)

The rates without daggers are eective from January 1981.
The rates normally variable in line with changes in ordinary share rates.
* Rates normally variable in line with changes in ordinary share rates.
All these rates are after basic rate tax liability has been settled on behalf of the investor.

UK MONEY MARKET

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

The Treasury bill rate fell by 0.0290 per cent at yesterday's fixing to 12.9871 per cent, and the minimum accepted bid rose to £96.76 from £96.745. Bids at that level were met as to about 59 per cent and above in full. The £200m of bills on offer attracted bids of £526.41m, and all bills offered were allotted. Nxet week £100m of bills will be on offer, replacing maturities of £200m.

In the London money market the authorities gave assistance by buying a moderate amount of Treasury bills, direct from discount houses. The latter were paying around 13 per cent for secured call loans at the start, with later balances taken mostly at 12¾-13¼ per cent. The market was faced with a very large excess of revenue transfers to the Exchequer over Government disbursements, and a small number of commercial bills maturing in official hands. On the other hand banks brought forward balances a moderate way above target, and there was a small number of Treasury bills maturing outside official hands. In the interbank market weekend money opened at 14½ per cent and eased to 12½ per cent before firming up to 13½-13¾ per cent on the revised forecast However, later balances were taken around 9 per cent.

EXCHANGES AND BULLION

Trading was extremely quiet in currency markets yesterday, with market activity subdued between New Year's Day and the weekend. The dollar was slightly firmer overall, but finished below its best level in reaction to a cut in prime rates to 20½ per cent by some major U.S. banks. Against the D-mark it touched DM 1.9840, but closed at DM 1.9750 compared with DM 1.9600 on Wednesday. Similarly against the Swiss franc it finished at SWFr 1.7925, after a high of SwFr 1.80 and Wednesday's close of SwFr 1.7675. In yen terms the dollar closed at Y202½ from Y203.05 as the yen remained firm. On Bank of England figures, the dollar's trade weighted index rose to 86.5 from 86.2.

Sterling showed only a very slight movement, with business confined to the occasional commercial order. Its trade weighted index eased to 78.6 compared with 78.7 on Wednesday, having stood at 78.4 at noon and in the morning. Against the dollar it opened at $2.3800-2.3850, and traded between $2.3780 and $2.3860, before closing at $2.3800-2.3830, the wide spread reflecting thin trading conditions, and showing a fall of 95 points from Wednesday's close.

In New York gold was quoted at $585, compared with Wednesdays close of $592 and $589½ in London. In Europe markets remained closed after the New Year holiday.

THE POUND SPOT AND FORWARD

Jan. 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3720-2.3860	2.3800-2.3830	1.05-1.25c dis	−5.79	2.10-2.40dis	−3.78
Canada	2.8400-2.8485	2.8435-2.8470	0.83-1.13c dis	−3.92	1.57-.87dis	−2.42
Nethlnd.	5.08-5.13	5.11-5.13	2⅜-1⅞c pm	4.98	6⅛-5⅛ pm	4.39
Belgium	75.20-76.05	75.85-76.05	25-15c pm	3.16	40-30 pm	1.84
Denmark	14.35½-14.50	14.41½-14.44½	4-1ore pm	2.08	par-3 dis	−0.41
Ireland	1.2575-1.2700	1.2675-1.2685	0.06ppm-0.25dis	−0.90	0.24pm-0.07ds	0.27
W. Ger.	4.66½-4.74	4.69¾-4.70¾	2¾-1½pf pm	5.74	6½-5½ pm	4.78
Portugal	126.00-127.60	127.10-127.60	20c pm-60 dis	−1.88	25pm-135ds	−1.73
Spain	188.00-190.40	190.00-190.40	70-10c pm	2.52	50-120 dis	−1.79
Italy	2210-2232	2225½-2230½	3½-6½lire dis	−2.69	22-25 dis	−4.22
Norway	12.35-12.39½	12.36½-12.39	5-2½ore pm	3.51	11½-8½ pm	3.25
France	10.80-10.91	10.85½-10.87¼	4-3c pm	3.86	7⅞-6⅞ pm	2.53
Sweden	10.44-10.49	10.45¾-10.48¾	3¾-5½ore dis	−5.22	9½-11 dis	−3.84
Japan	480-485	481-483	3.00-2.50y pm	6.85	7.00-6.05 pm	5.41
Austria	33.05-33.50	33.30-33.45	1-5gro pm	2.88	30½-22½ pm	3.18
Switz.	4.21-4.29	4.26-4.28	3⅞-2⅞c pm	9.48	8⅞-7⅞ pm	7.84

Belgian rate is for convertible francs. Financial franc 76.15-76.25. Six-month forward dollar 2.50-2.80c dis. 12-month 2.60-3.00c dis.

GOLD

	Jan. 2		Dec. 30	
Gold Bullion (fine ounce)				
Close	—	—	$588-591	(£246¼-247½)
Opening	—	—	$586-589	(£245¼-246½)
Morning fixing....	—	—	$589.50	(£247.118)
Afternoon fixing.	—	—	—	—
Gold Coins				
Krugerrand........	—	—	$607-609	(£255-257)
1/2 Krugerrand...	—	—	$309½-314½	(£130-132)
1/4 Krugerrand...	—	—	$155¾-160¾	(£65½-67½)
1/10 Krugerrand.	—	—	$63½-66¼	(£26½-27¾)
Mapleleaf.	—	—	$602-606	(£252¾-255¾)
New Sovereigns.	—	—	$149¼-150¼	(£62½-63½)
King Sovereigns.	—	—	$172-174	(£72¼-73¼)
Victoria Sovs......	—	—	$172-174	(£72¼-73¼)
French 20s........	—	—	$153½-156	(£64½-65½)
50 pesos Mexico	—	—	$731-735	(£307-308½)
100 Cor. Austria.	—	—	$571-575	(£239¾-241½)
$20 Eagles........	—	—	$692-697	(£290½-292¾)

EXCHANGE CROSS RATES

Jan. 2	PoundSterling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.382	4.703	482.0	10.865	4.270	5.120	2228.	2.845	75.95
U.S. Dollar	0.420	1.	1.975	202.4	4.562	1.793	2.150	935.4	1.195	31.89
Deutschemark	0.213	0.506	1.	102.5	2.310	0.908	1.089	473.7	0.605	16.15
Japanese Yen 1,000	2.075	4.941	9.756	1000.	22.54	8.859	10.62	4622.	5.903	157.6
French Franc 10	0.920	2.192	4.328	443.6	10.	3.930	4.712	2050.	2.619	69.90
Swiss Franc	0.234	0.558	1.101	112.9	2.544	1.	1.199	521.7	0.666	17.79
Dutch Guilder	0.195	0.465	0.918	94.14	2.122	0.834	1.	435.1	0.556	14.83
Italian Lira 1,000	0.449	1.069	2.111	216.4	4.877	1.917	2.298	1000.	1.277	34.09
Canadian Dollar	0.351	0.837	1.653	169.4	3.819	1.501	1.799	783.0	1.	26.69
Belgian Franc 100	1.317	3.136	6.192	634.6	14.31	5.622	6.741	2933.	3.746	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 2)

3 months U.S. dollars		6 months U.S. dollars	
bid 18	offer 18 1/8	bid 16 15/16	offer 17 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates of $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Jan. 2 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight........	—	9-14¾	13¾-14	—	—	14-14¼	12-13	—	—	—
2 days notice..	—	—	14⅜-14½	—	—	—	—	—	—	—
7 days or........	—	—	—	—	—	—	—	—	—	—
7 days notice..	—	14⅛-14⅝	14⅜-14⅝	—	14½	14½-14⅝	13¼-13⅜	—	—	—
One month......	14⅜ 14½	14-14¾	14¾-14⅞	15½ 16	15⅛	15¼-15⅜	15⅝	13⅜	14⅞-14½	15¼
Two months...	14⅞ 14⅝	14⅞ 14⅝		15⅛-15½	15¼	15¼	15½-13⅝	13-13⅛	14⅞-14⅝	15⅛
Three months.	14⅞ 14⅝	14⅞-14⅞	14⅜-14⅞	14¾-15½	15¼	15¼-15⅜	13½	13	14⅞	15
Six months....	14⅞ 14⅞	14½-14½	14½	14¼-14½	14½	14⅞	—	—	13¾-13⅞	14
Nine months ..	14⅛-13⅞	14 14⅞	—	14¼-14½	14½	14¼	—	—	—	—
One Year........	13⅞-13⅞	13⅞-14⅞	14-14⅛	13¾-14	14⅜	14¾	—	—	—	—
Two years.......	—	—	14-14½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13 15/16-14 per cent; four years 13¾-14 per cent; five years 13¾-14 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 15/16-14 1/16 per cent; four-month trade bills 14¾ per cent.

Approximate selling rate for one-month Treasury bills 13 3/32 per cent; two-months 12 29/32-13 per cent; three-months 12 15/16 per cent. Approximate selling rate for one-month bank bills 14 5/16-14⅛ per cent; two-months 14 3/16-14¼ per cent; three-months 14 1/16-14⅞ per cent; one-month trade bills 15 per cent; two-months 14⅞ per cent and three-months 14¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1981. **Clearing Bank Deposit Rates** for sums at seven days' notice 11¾-12 per cent. **Clearing Bank Rates** for lending 14 per cent. **Treasury Bills:** Average tender rates of discount 12.9871 per cent.

CURRENCY MOVEMENTS

Jan. 2	Bank of England Index	Morgan Guaranty Changes%
Sterling	78.6	−25.8
U.S. dollar........	86.5	−7.4
Canadian dollar....	79.2	−18.9
Austrian schilling..	147.2	+22.1
Belgian franc.......	111.1	+10.8
Danish kroner......	102.1	−7.4
Deutsche mark.....	146.3	+39.9
Swiss franc........	187.8	+77.7
Guilder...........	122.9	+17.8
French franc.......	96.6	−8.1
Lira..............	50.3	−52.6
Yen...............	145.2	+42.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	13⅞-14⅛	20½-20½	16-17	8⅜-8⅝	1-1¼	9-9⅛	10½-10¾	13-15	9-9½	1½-2½
7 days' notice.	14¼-14⅜	20½-20¾	16-17	8¾-9	2¼-2¾	9-9⅛	5½-7½	14-16	10-10½	4¾-5¼
Month..........	14⅝-14⅞	20⅜-20⅝	18⅛-18½	9⅞-9⅞	5-5½	9⅞-9⅞	10⅛-10½	16⅜-17⅞	11⅞-12⅛	7⅛-7¾
Three months....	14¾-14⅞	17⅞ 18⅞	16⅝-17	9⅜-9½	5⅝-5¾	9⅞ 9⅞	11⅛-11½	18⅛-19⅛	12⅞-12⅞	8-8½
Six months........	14⅞-14⅞	16⅞-17⅞	15⅜-15¾	9¾-9⅞	5⅞-6	9⅛-9¼	11⅝-12	18½-19½	13-13⅛	8½-8¾
One Year........	13⅞-14½	15⅞-15⅞	13⅝-14	9⅞10⅛	5⅜-5½	9⅞-9⅞	12½-12⅞	19½-20½	13-13½	8½-8¾

Asian $ (closing rates in Singapore) one-month 20 7/16-20 9/16 per cent; three months 17⅞-18 per cent; six-months 16⅞-17 per cent; one year 15 5/16-15 9/16 per cent. Long-term European two years 14-14⅜ per cent; three years 13⅞-14¼ per cent; four years 13¾-14⅛ per cent; five years 13⅝-14 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.55-18.65 per cent; three-months 17.35-17.45 per cent; six-months 16.10-16.20 per cent; one year 14.60-14.80 per cent.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ..	39.7897	41.3828	+4.00	+1.19	±1.53
Danish Krone ..	7.72336	7.88476	+2.09	−0.72	±1.64
German D-Mark	2.48208	2.56978	+3.53	+0.72	±1.125
French Franc ..	5.84700	5.95045	+1.77	−1.04	±1.3557
Dutch Guilder ...	2.74362	2.79004	+1.69	−1.12	±1.512
Irish Punt	0.658201	0.681779	+3.53	+0.72	±1.668
Italian Lira	1157.79	1217.64	+5.17	+2.58	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Jan. 2	£	$		£ Note Rates
Argentina Peso...	4735-4755	1989-2000	Austria............	33.00-33.45
Australia Dollar ..	2.0155-2.0195	0.8470-0.8475	Belgium	75.30-76.10
Brazil Cruzeiro....	154.60-155.60	65.17-65.50	Denmark	14.38-14.53
Finland Markka..	9.15-9.18	3.8500-3.8520	France..........	10.80-10.90
Greek Drachma..	109.166 112.345	46.00-46.50	Germany........	4.68-4.72
Hong Kong Dollar	12.18½ 12.20	5.1300-5.1320	Italy............	2190-2280
Iran Rial........	172.05*	72.15*	Japan	481-487
Kuwait Dinar(KD)	0.643-0.649	0.2713-0.2714	Netherlands ..	5.07-5.12
Luxembourg Frs.	75.85 76.05	31.89-31.91	Norway	12.35-12.50
Malaysia Dollar .	5.2650-5.2800	2.2155 2.2195	Portugal	126-139
New Zealand Dlr.	2.4745 2.4795	1.0390-1.0400	Spain	184½-194
Saudi Arab. Riyal.	7.89-7.95	3.3300-3.3320	Sweden	10.46-10.61
Singapore Dollar.	4.9675-4.9800	2.0900 2.0950	Switzerland	4.21-4.26
Sth. African Rand	1.7775-1.7785	0.7465-0.7470	United States...	2.37-2.39
U.A.E. Dirham...	8.71-8.77	3.6700-3.6730	Yugoslavia......	33-38

Rate given for Argentina is free rate. * Selling rate.

U.K. CONVERTIBLE STOCKS 3/1/81

Statistics provided by *dataSTREAM International*

Name and description	Size (£m)	Current price	Terms*	Con-version dates⇒	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.§	Income Div.♡	Cheap(+) Dear(−)◇ Current
British Land 12pc Cv. 2002	9.71	302.00	333.3	80-97	4.0	1.4	− 3.6	−7 to 3	17.7	88.8	22.7	+26.3
Hanson Tr. 6½pc Cv. 88/93	3.02	110.00	57.1	76-82	6.0	5.2	− 7.9	−9 to −6	6.9	6.2	− 0.6	− 7.3
Slough Ests. 10pc Cv. 87/90	5.44	252.00	187.5	78-86	4.0		− 0.4	−6 to 1	35.1	32.4	− 1.0	− 0.6
Slough Ests. 8pc Cv 91/94	24.88	120.00	78.0	80-91	6.7	5.5	14.0	8 to 17	26.5	42.8	15.4	− 1.5

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ‖ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness. ⇒ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

Year begins quietly but main investment areas maintain firm undertone—New Government funding

Account Dealing Dates

Option First Dealings	Declarations	Last Dealings	Account Day
Dec. 8	Dec. 22	Dec. 23	Jan. 5
Dec. 24	Jan. 8	Jan. 9	Jan. 19
Jan. 12	Jan. 22	Jan. 23	Feb. 2

* "New time" dealings may take place from 9 am two business days earlier.

The maintenance of a firm undertone in the two principal investment areas marked the London stock market's entry into 1981. Business was exceedingly light, similar to the immediate post-Christmas level of trade, with the accent still on New Year recommendations and possible take-over candidates.

FT-ACTUARIES

The insertion of an incorrect price for one of the oil constituents led to errors in the December 31 sector index and in the parent group indices. The year-end value of oils should have been shown as 928.53 with the 500 Group at 306.81 and the All-share at 291.99.

Afternoon interest was especially slow, but just after the official close new Government funding in the shape of a further £1bn tranche of Exchequer 12¼ per cent 1999, designated "B," with £20 payable at tender, was announced.

Shortly afterwards, the Bank of England made known its intention to reduce the 12½ per cent minimum reserve asset ratio required to be maintained by banks and other deposit-taking institutions to 10 per cent of eligible liabilities, a move designed to ease the strain on the monetary system over the tax-gathering season.

Neither announcement made much impact on after-hours' sentiment, although Gilts in the area of the proposed new tap stock lost earlier gains of ¼. Short-dated maturities, on the other hand, improved a shade. Falling American interest rates—several major Primes were cut a point to 20½ per cent—and this week's lower rate for UK Treasury bills were noted, but business overall was not sufficient to test the market.

Leading shares repeated the recent pattern of nudging higher. One or two stocks, such as GEC, achieved good rises, but the majority did little more than mark time. Measuring the trend, the FT Industrial Ordinary share index, after recording a rise of 2.2 at 3.00 pm, slipped back to close a net 0.8 up at 475.3. Of the sectors, Properties were busier than most on hopes of an early reduction in Minimum Lending Rate.

Deals in Traded options amounted to 577. Interest was mainly shown in two stocks, Consolidated Goldfields and GEC, which contributed 160 and 104 contracts respectively.

Banks quietly firm

A few pence firmer at the "House" close, the major clearing banks were marked higher on the late Bank of England announcement that the minimum reserve aset ratio is to be reduced by 2½ to 10 per cent of eligible liabilities from Monday. **Lloyds** finished 6 to the good at 340p, while **Midland** ended 4 better at 338p as did **Barclays**, at 440p, and **NatWest**, at 390p. Among foreign issues, improvements of 6 and 10 respectively were seen in **Standard Chartered**, 666p, and **Hong Kong and Shanghai**, 186p. Discounts improved in places, **Allen Harvey and Ross** rising 5 to 372p and **Gerrard and National** 4 to 296p. Among Hire Purchases, **George Sturla** put on 1½ to 14p and **Wagon Finance** added 2 to 39p.

Timber shares provided the main points in Buildings. **Montague L. Meyer** and **May and Hassel** put on 7 and 6 respectively to the common price of 86p, the latter following favourable Press comment. **Phoenix**, a strong market of late on bid hopes, shed 8 to 126p on profit-taking. In the leaders, **London Brick** shed 2 to 61p on lack of support, but **Taylor Woodrow**, still responding to news of a major nuclear power station contract, added 4 afresh to 446p. Elsewhere, **Burnett and Hallamshire**, at 835p, relinquished 10 of last Wednesday's gain of 35.

Polly Peck better

Secondary issues provided the focal points in Stores. Helped again by call option business, **Polly Peck** put on 10 more to 142p, while **Corneil Dresses** picked up 7 to 60p. Further buying on consideration of the company's property interests enabled **Peters** to rise 4, making a rise over the shortened trading week of 21 at 111p. **Bakers Household**, 90p, and **Northern Goldsmiths**, 57p, gained 3 apiece. Among the quietly firm leaders, **Marks and Spencer** improved 2 to 118p in response to a 1981 investment recommendation.

Sporadic demand lifted **GEC** 13 to 620p. **Quest Automation** stood out in secondary issues with a rise of 10 to 165p along with **STC**, up 8 at 448p.

New Year Press tips helped to stimulate occasional interest in the Engineering sector. Among those to benefit, **Renold** firmed 3 to 55p and **Baker Perkins** 2 to 70p. Speculative demand lifted **RCF** 6 to 22p. **Davy Corporation** edged up 3 to 168p awaiting further developments in the bid situation, but **Mining Supplies** remained on offer and fell 4 more to 128p. **Babcock International** firmed 2 to 100p and **Jenks and Cattell** were noteworthy for a rise of 5 to 57p, while **Yarrow** rose 10 to 270p in a limited market.

The Food sector had a firm feature in **Somportex**, which, in a thin market, jumped 45 to 430p. Renewed support was forthcoming for **Avana** which put on 4 to 235p. **Associated Dairies**, 6 to the good at 196p, provided the only noteworthy movement in the leaders.

Chubb wanted

Features were few and far between in miscellaneous industrials. An investment recommendation drew buyers' attention to **Chubb** which rose 6 to 87p, while a resurgence of speculative support in a thin market prompted a rise of 8 to 62p in **Marshall's Universal**. Investment demand helped **BTR** put on 8 to 372p, while **Gieves** added 4 to 64p and **Initial Services** appreciated 5 to 210p. Among the leaders, **Metal Box** rose 4 to 178p. **Unilever** hardened 3 to 458p and **Pilkington** put on 2 to 267p.

Hopes of a good business in the Leisure industry encouraged fresh demand for **Saga** which put on 6 for a two-day gain of 24 to 238p. **Associated Leisure** also came in for support and added 4 to 133p, while **Ladbroke** firmed 5 to 248p with the **Warrants** a like amount to the good at 158p. **Zetters** revived with a gain of 3 to 77p.

Movements in Motor Components were restricted to a few pence either way. **Lucas** softened a penny to 193p, but **Dowty** hardened 3 to 196p and **Flight Refuelling** put on a couple of pence ot 254p.

Favourable Press comment stimulated speculative interest in publishers **William Collins**, the Ordinary rising 8 to 143p and the A 5 to 105p for gains on the week of 23 and 12 respectively.

Hopes of further cuts in Minimum Lending Rate in the not-too-distant future encouraged a limited amount of interest in Properties. **Land Securities** added 4 to 376p, while **Great Portland Estates** and **MEPC** firmed 8 and 4 respectively to the common price of 226p. **British Land** hardened a couple of pence to 95p and **Hammerson A** 10 to 600p. **Hong Kong Land**, again reflecting firm Far-Eastern advices, added 3 to 187p.

Oils traded quietly and ended the day with a mixed appearance. **Charterhall**, the subject of recent Press mention, encountered support and put on 8 to 106p, while satisfactory half-yearly results left **New Court Natural Resources** 3 dearer at 86p. **Tricentrol** edged up 6 to 342p, but **Shell** drifted off to close ½ cheaper at 466p among the leaders, with **BP** a few pence lower at 418p. **IC Gas** eased 4 to 263p.

Overseas Traders continued to be highlighted by **Paterson Zochonis** which continued to reflect recent Press comment with a fresh gain of 8 at 433p. Elsewhere, **Thomas Borthwick** hardened 2 to 30p.

Trusts trended better in places, **Gresham House** improving 7 to 212p and **Shires** 4 to 155p. Among Financials, further scattered support in a restricted market left **English Association** up 7 more at 372p, while **M and G Holdings** continued firmly and hardened 3 more to 268p.

Scattered changes in Shippings included **Reardon Smith** which rose 5 to 115p.

Among the few movements in the Textile sector, **Sidlaw** hardened a penny to 103p awaiting the preliminary figures, due next Thursday.

Plantations were inclined harder in places. **Rembia** stood out with a rise of 8 to 95p, while **Singapore Para** appreciated 6 to 92p and **Guthrie** hardened 13 to 675p.

Golds steady

With bullion markets and the London Metal Exchange remaining closed after the New Year holiday, mining share markets attracted minimal interest.

South African Golds edged higher in early trading but subsequently met light selling and turned easier to close showing minor movements either way. The Gold Mines index gave up 1.7 to 405.8.

Among the heavyweights, **Hartebeest** fell ¾ to £33½ and **Kloof** ½ to £15¾ but **West Driefontein** managed to retain earlier strength and eded ⅝ firmer at £38.

Medium- and lower-priced issues showed **Blyvoor** 39 down at 797p, **Welkom** a like amount off at 786p and **Loraine** 20 cheaper at 210p. Financials held steady throughout the day, as did Platinums.

Australians were generally harder, where changed, in line with the trend in overnight domestic markets. The Rundle twins continued to move ahead with **Central Pacific** 18 higher at 390p and **Southern Pacific** 8 to the good at 153p.

Among the speculatives, **Cons. Resources** improved 6 to 80p and **York Resources** 4 to a year's high of 94p but **Kitchener Mining** dipped 10 to 235p. Favourable Press mention encouraged a gain of 5 to 270p in **Hampton Areas**.

FINANCIAL TIMES STOCK INDICES

	Jan. 2	Dec. 31	Dec. 30	Dec. 29	Dec. 24	Dec. 23	A year ago
Government Secs.	68.77	68.69	68.69	68.75	69.06	68.99	64.61
Fixed Interest	70.54	70.44	70.44	70.57	70.75	70.74	65.61
Industrial Ord.	475.3	474.5	472.6	470.0	466.9	466.7	407.0
Gold Mines	405.8	407.5	408.1	441.5	441.5	442.6	288.5
Ord. Div. Yield	7.48	7.51	7.54	7.58	7.62	7.63	7.96
Earnings, Yld.% (full)	16.75	16.80	16.87	16.97	17.06	17.06	19.81
P/E Ratio (net) (*)	7.32	7.30	7.26	7.22	7.18	7.19	6.22
Total Bargains	9,151	13,774	15,186	11,230	6,971	16,170	14,059
Equity turnover £m.	—	48.47	71.27	46.87	40.99	102.77	85.69
Equity bargains total	—	9,740	10,686	7,296	4,730	12,716	10,504

10 am 475.6. 11 am 475.7. Noon 476.5. 1 pm 476.5. 2 pm 476.6. 3 pm 476.7.

Latest Index 01-248 8023.

*Nil=6.76.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compil'ti'n High	Since Compil'ti'n Low
Govt. Secs.	72.54 (21/7)	63.85 (7/5)	127.4 (9/1/56)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	516.9 (21/11)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9)	265.5 (18/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 2	Dec. 31
—Daily		
Gilt Edged	68.5	69.5
Industrials	38.6	58.3
Speculative	8.06	22.2
Totals	28.4	43.6
5-day Avrge.		
Gilt Edged	66.9	71.3
Industrials	44.0	50.8
Speculative	19.4	24.3
Totals	33.7	38.5

LEADERS AND LAGGARDS

Percentage changes over 1980 based on Wednesday's year-end closing prices.

Electricals	+ 74.17	Building Materials	+ 24.20
Merchant Banks	+ 65.14	Consumer Goods (Durable) Group	+ 22.25
Food Retailing	+ 58.26	Industrial Group	+ 22.02
Gold Mines F.T.	+ 51.71	Insurance (Composite)	+ 21.02
Insurance (Life)	+ 47.57	Insurance Brokers	+ 19.44
Investment Trusts	+ 46.44	Hire Purchase	+ 19.34
Electronics, Radio and TV	+ 41.40	Other Groups	+ 17.85
Mining Finance	+ 40.75	Consumer Goods (Non-Durable) Group	+ 16.88
Property	+ 40.51	Mechanical Engineering	+ 14.53
Engineering Contractors	+ 38.17	Banks	+ 12.04
Pharmaceutical Products	+ 36.10	Food Manufacturing	+ 10.99
Capital Goods Group	+ 34.68	Newspapers and Publishing	+ 10.60
Oils	+ 33.33	Chemicals	+ 5.99
Discount Houses	+ 32.34	Breweries	+ 4.10
Stores	+ 29.19	Tobaccos	− 0.32
Overseas Traders	+ 28.88	Packaging and Paper	− 0.60
Financial Group	+ 28.73	Textiles	− 0.71
Entertainment and Catering	+ 27.63	Office Equipment	− 2.17
All-Share Index	+ 27.07	Metal and Metal Forming	− 5.22
Shipping	+ 26.26	Wines and Spirits	− 8.11
500 Share Index	+ 24.57	Motors and Distributors	− 11.03
Contracting and Construction	+ 24.54	Household Goods	− 27.34
		Toys and Games	− 51.31

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri., Jan. 2, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Dec. 31 Index No.	Tues., Dec. 30 Index No.	Mon., Dec. 29 Index No.	Wed., Dec. 24 Index No.	Year ago (approx.) Index No.	1980-81 High	1980-81 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (211)	289.91	+0.9	14.77	5.68	8.26	287.42	286.48	283.87	282.29	211.62	299.81 (21/11/80)	202.79 (15/11/79)	299.81 (21/11/80)	50.71 (13/12/74)
2	Building Materials (27)	246.56	+0.2	18.84	7.00	6.32	246.16	244.35	241.42	238.81	194.79	270.52 (8/5/79)	194.00 (3/1/80)	270.52 (8/5/79)	44.27 (11/12/74)
3	Contracting, Construction (26)	405.19	+0.2	22.52	6.26	5.33	404.43	401.25	399.08	397.24	314.57	451.74 (4/5/79)	315.00 (3/1/80)	451.74 (4/5/79)	71.48 (2/12/74)
4	Electricals (27)	972.22	+1.4	9.40	2.70	13.21	959.13	956.44	942.50	939.36	551.25	983.55 (1/12/80)	515.49 (15/11/79)	983.55 (1/12/80)	84.71 (25/6/62)
5	Engineering Contractors (11)	398.32	+0.2	15.28	6.50	8.57	397.49	397.68	397.69	394.81	277.45	429.70 (4/5/79)	264.74 (30/5/80)	429.70 (4/5/79)	64.39 (2/1/75)
6	Mechanical Engineering (71)	172.64	+0.6	17.38	7.71	7.15	171.55	171.17	170.91	170.56	148.61	211.08 (8/5/79)	138.29 (26/11/79)	211.08 (8/5/79)	45.43 (6/1/75)
8	Metals and Metal Forming (13)	138.18	+0.6	21.47	12.41	5.90	137.33	136.59	136.18	134.15	144.93	192.29 (4/5/79)	132.53 (22/12/80)	192.29 (4/5/79)	49.65 (6/1/75)
9	Motors (21)	92.22	—	22.19	9.15	5.22	92.19	92.74	92.71	92.14	103.61	135.66 (4/5/79)	87.76 (11/12/80)	170.59 (15/1/69)	19.91 (6/1/75)
10	Other Industrial Materials (15)	291.05	+1.3	15.53	7.32	7.67	287.41	287.41	287.41	287.41	0.00	291.05 (2/1/81)	0.00 (/)	291.05 (2/1/81)	0.00 (/)
21	CONSUMER GROUP (199)	239.29	+0.5	15.93	6.55	7.63	238.14	237.77	236.37	234.67	202.64	269.81 (4/5/79)	200.15 (3/1/80)	269.81 (4/5/79)	61.41 (13/12/74)
22	Brewers and Distillers (20)	264.09	+0.4	17.38	6.83	6.84	263.01	263.21	261.45	261.61	251.88	306.45 (8/7/80)	220.79 (16/2/79)	306.45 (8/7/80)	69.47 (13/12/74)
25	Food Manufacturing (23)	211.58	+0.2	18.63	7.45	6.38	211.09	210.74	209.95	209.19	189.79	236.75 (4/5/79)	183.95 (28/3/80)	236.75 (4/5/79)	59.67 (11/12/74)
26	Food Retailing (14)	471.30	+1.3	9.95	3.29	11.89	465.31	461.97	457.25	448.96	290.59	471.30 (2/1/81)	223.66 (12/2/79)	471.30 (2/1/81)	54.25 (11/12/74)
27	Health and Household Products (7)	264.75	+0.3	10.02	5.39	11.88	264.07	258.27	256.83	255.56	192.92	285.48 (28/3/79)	175.38 (28/5/80)	291.13 (14/9/78)	175.38 (28/5/80)
29	Leisure (22)	351.48	+0.7	15.61	6.34	8.06	349.02	349.02	349.02	349.02	272.58	351.48 (2/1/81)	349.02 (1/1/81)	351.48 (2/1/81)	349.02 (1/1/81)
32	Newspapers, Publishing (12)	426.37	+0.3	22.89	6.88	5.71	424.94	424.05	421.85	424.99	384.58	492.56 (8/5/79)	358.73 (16/11/79)	492.56 (8/5/79)	55.08 (6/1/75)
33	Packaging and Paper (15)	114.57	—	28.19	10.64	4.11	114.56	114.00	113.49	113.33	112.95	155.12 (4/5/79)	111.20 (12/12/80)	155.65 (14/9/78)	43.46 (6/1/75)
34	Stores (44)	248.60	+0.7	12.00	5.06	10.90	246.98	247.10	245.80	242.75	191.09	273.48 (4/5/79)	186.40 (12/2/79)	273.48 (4/5/79)	52.63 (6/1/75)
35	Textiles (21)	125.17	+0.2	20.56	10.80	6.36	124.93	123.87	124.07	122.26	124.85	191.61 (28/3/79)	116.89 (6/6/80)	235.72 (17/1/67)	62.66 (11/12/74)
36	Tobaccos (3)	199.71	—	28.74	11.66	3.96	199.61	198.45	195.67	195.18	197.40	294.86 (12/3/79)	192.86 (3/1/80)	339.16 (2/8/72)	94.34 (13/6/62)
39	Other Consumer (18)	66.75	—	19.79	8.37	6.49	66.77	240.00	240.00	240.00	0.00	66.77 (1/1/81)	66.75 (2/1/81)	66.77 (1/1/81)	66.75 (2/1/81)
41	OTHER GROUPS (78)	220.53	+0.3	18.06	7.75	6.61	219.84	219.02	217.73	216.83	185.89	234.76 (8/5/79)	176.67 (15/11/79)	234.76 (8/5/79)	58.63 (6/1/75)
42	Chemicals (15)	299.29	+0.6	19.68	8.88	5.93	297.64	296.03	293.78	292.47	279.39	329.77 (4/5/79)	255.79 (15/11/79)	329.77 (4/5/79)	71.20 (1/12/74)
44	Office Equipment (6)	101.58	+0.1	20.24	8.19	5.76	101.52	101.58	101.25	101.22	103.24	153.70 (29/3/79)	95.26 (24/9/80)	246.06 (1/9/72)	45.34 (2/1/75)
45	Shipping and Transport (12)	536.88	−0.2	14.28	7.00	8.58	537.78	539.35	539.63	538.56	423.84	616.57 (26/8/80)	399.90 (26/11/79)	617.88 (22/8/80)	90.80 (29/6/62)
46	Miscellaneous (45)	266.60	+0.3	16.77	6.41	7.35	265.80	264.42	262.82	261.67	214.07	287.99 (31/7/80)	202.29 (16/11/79)	287.99 (31/7/80)	60.39 (6/7/75)
49	INDUSTRIAL GROUP (488)	254.96	+0.6	15.82	6.41	7.67	253.44	252.55	250.89	249.44	206.46	273.01 (4/5/79)	201.69 (15/11/79)	273.01 (4/5/79)	59.01 (13/12/74)
51	●Oils (12)	923.71	−0.5	26.00	5.70	4.28	928.53	923.78	936.03	937.04	664.42	1065.24 (19/11/80)	497.67 (24/1/79)	1065.24 (19/11/80)	87.23 (29/5/62)
59	●500 SHARE INDEX	307.84	+0.3	18.20	6.24	6.48	306.81	305.51	305.04	303.78	244.25	329.58 (21/11/80)	237.06 (12/2/79)	329.58 (21/11/80)	63.49 (13/12/74)
61	FINANCIAL GROUP (118)	236.74	+0.8	—	5.61	—	234.75	233.37	231.77	230.99	177.95	260.37 (28/10/80)	164.54 (15/11/79)	260.37 (28/10/80)	55.88 (13/12/74)
62	Banks (6)	249.46	+1.1	41.01	6.84	2.92	246.86	246.39	245.64	244.46	215.25	271.75 (29/10/80)	195.51 (1/1/79)	258.32 (20/7/72)	62.44 (12/12/74)
63	Discount Houses (10)	291.90	+0.6	—	5.89	—	290.22	286.85	285.78	285.29	213.01	312.35 (21/11/80)	194.95 (26/11/79)	312.35 (21/11/80)	81.40 (10/12/74)
64	Hire Purchase (5)	197.62	+0.2	12.31	5.29	10.97	197.30	197.04	193.65	193.77	163.32	253.41 (24/7/80)	142.32 (15/11/79)	433.74 (4/5/72)	38.83 (11/12/74)
65	Insurance (Life) (10)	230.69	—	—	5.72	—	230.77	229.68	227.61	227.59	153.45	272.22 (28/10/80)	126.08 (12/2/79)	272.22 (28/10/80)	44.88 (2/1/75)
66	Insurance (Composite) (9)	148.75	+1.0	—	7.75	—	147.25	146.08	144.10	144.30	118.59	183.32 (18/9/80)	107.71 (14/11/79)	183.32 (18/9/80)	43.96 (13/12/74)
67	Insurance Brokers (9)	319.51	—	14.42	7.25	9.50	319.56	318.59	316.52	316.03	258.22	366.44 (18/9/80)	232.59 (30/7/79)	372.27 (11/8/78)	65.86 (16/12/74)
68	Merchant Banks (13)	148.72	+0.3	—	5.20	—	148.21	146.22	144.09	143.36	87.62	164.50 (19/11/80)	74.91 (12/2/79)	278.57 (1/5/72)	31.21 (7/1/75)
69	Property (45)	450.76	+1.3	3.27	2.73	42.63	445.03	441.63	440.62	437.41	307.21	474.19 (12/9/80)	267.26 (2/1/79)	474.19 (12/9/80)	56.01 (20/4/65)
70	Miscellaneous (11)	170.41	+0.6	15.88	5.83	8.00	169.41	168.49	167.15	165.59	121.20	171.35 (27/11/80)	109.05 (12/2/79)	303.18 (18/5/72)	33.29 (17/12/74)
71	Investment Trusts (109)	282.02	+0.1	—	5.34	—	281.88	281.98	282.23	282.11	190.63	298.64 (29/10/80)	176.91 (15/11/79)	298.64 (29/10/80)	71.63 (13/12/74)
81	Mining Finance (3)	228.46	+0.2	14.36	5.87	8.30	227.95	227.95	230.24	230.42	170.21	277.15 (30/10/80)	101.26 (2/1/79)	277.15 (30/10/80)	66.31 (30/9/74)
91	Overseas Traders (20)	430.79	+0.6	11.71	6.82	10.35	428.39	425.66	426.69	425.98	332.51	462.79 (22/10/80)	292.50 (2/1/79)	462.79 (22/10/80)	97.37 (6/1/75)
99	●ALL-SHARE INDEX (750)	293.19	+0.4	—	6.08	—	291.99	290.84	290.20	289.14	227.61	313.07 (21/11/80)	218.89 (12/2/79)	313.07 (21/11/80)	61.92 (13/12/74)

FIXED INTEREST PRICE INDICES

	British Government	Fri., Jan. 2	Day's change %	Wed., Dec. 31	xd adj. today	xd adj. 1981 to date
1	Under 5 years	107.27	+0.16	107.10	—	0.00
2	5-15 years	109.40	+0.14	109.25	—	0.00
3	Over 15 years	113.90	+0.13	113.75	—	0.00
4	Irredeemables	126.73	+0.43	126.18	—	0.00
5	All stocks	109.91	+0.15	109.75	—	0.00

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Fri., Jan. 2	Wed., Dec. 31	Year ago (approx.)	1980-81 Highs	1980-81 Lows
1	Low Coupons	5 years	11.94	11.96	12.53	13.32 (4/3/80)	11.17 (21/7/80)
2		15 years	11.94	11.96	12.57	13.12 (4/3/80)	11.11 (21/7/80)
3		25 years	11.94	11.95	12.73	13.12 (4/3/80)	11.11 (21/7/80)
4	Medium Coupons	5 years	13.51	13.53	14.71	15.37 (4/3/80)	12.45 (21/7/80)
5		15 years	13.84	13.84	14.36	14.71 (4/3/80)	12.40 (21/7/80)
6		25 years	13.50	13.51	14.28	14.50 (4/3/80)	12.35 (23/7/80)
7	High Coupons	5 years	13.52	13.53	15.05	15.44 (4/3/80)	12.71 (17/7/80)
8		15 years	14.06	14.06	14.89	15.06 (4/3/80)	12.81 (21/7/80)
9		25 years	13.73	13.74	14.60	14.92 (4/3/80)	12.63 (23/7/80)
10	Irredeemables		11.57	11.61	12.23	12.53 (21/3/80)	10.80 (21/7/80)

	Friday, Jan. 2 Index No.	Yield %	Wed. Dec. 31	Tues. Dec. 30	Mon. Dec. 29	Wed. Dec. 24	Tues. Dec. 23	Mon. Dec. 22	Fri. Dec. 19	Year ago app'x.	1980/81 Highs	1980/81 Lows	Since Compilation Highs	Since Compilation Lows
15 20-yr. Red. Deb. & Loans (16)	52.06	14.22	52.08	52.96	52.97	52.97	52.95	52.82	52.88	49.28	55.65 (20/7/80)	49.12 (7/1/80)	113.43 (28/10/65)	37.06 (3/1/75)
16 Investment Trust Prefs. (15)	50.93	15.17	50.89	51.55	51.55	51.55	51.55	51.55	52.00	46.34	52.61 (27/11/80)	46.34 (2/1/80)	114.41 (15/9/65)	34.45 (4/12/74)
17 Coml. and Indl. Prefs. (20)	67.71	15.29	67.71	67.93	67.95	67.58	67.65	67.65	67.76	61.32	68.58 (4/8/80)	60.92 (27/3/80)	114.96 (7/10/65)	47.67 (8/1/75)

Equity Section or Group	Base Date	Base Value	Equity Section or Group	Base Date	Base Value
Other Industrial Materials	31/12/80	287.41	Industrial Group	31/12/70	128.20
Other Consumer	31/12/80	238.14	Miscellaneous Financial	31/12/70	128.06
Health/Household Prods.	30/12/77	261.77	Food Manufacturing	29/12/67	114.13
Other Groups	31/12/74	63.75	Food Retailing	29/12/67	114.13
Overseas Traders	31/12/74	100.00	Insurance Brokers	29/12/67	96.67
Engineering Contractors	31/12/71	153.84	Mining Finance	29/12/67	100.00
Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Office Equipment	16/1/70	128.20	British Government	31/12/75	100.00

† Redemption yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 25p. A fortnightly record of group and subsection indices, dividend yields and earnings figures since 1962, with quarterly highs and lows of the indices, is obtainable from the Book Sales Department, FT Business Publishing Limited, Minster House, Arthur Street, London, EC4R 9AX, at £50 per copy.

● Corrected indices for 31st December.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 6	Jan. 16	Apr. 3	Apr. 21
Jan. 19	Jan. 30	Apr. 29	May 11
Feb. 2	Feb. 13	May 14	May 26

For rate indications see end of Share Information Service

Stocks to attract money for the call included Suter Deferred, Provincial Laundries, Celtic Haven, KCA International, Pritchard Services, Comfort Hotels, Polly Peck and Town and City. No puts were reported but double options were arranged in BP, Tube Investments and Town and City.

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	34	1	10	135	117	128
Corpns., Dom. and Foreign Bonds	1	—	60	9	28	208
Industrials	236	74	1,082	955	384	4,221
Financial and Prop.	120	20	355	402	147	1,431
Oils	17	15	36	93	79	100
Plantations	4	1	19	9	15	72
Mines	42	30	91	162	203	287
Others	52	33	69	189	202	224
Totals	506	174	1,722	1,954	1,175	6,671

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P.E. Ratio
58	F.P.	5/2	335	318	Amer. Comm. Inds.	318	......	—	—	—	—
$100	F.P.	5/2	241½	240	Do. Notes 20%	240	......	Q20%	—	20.8	—
610	F.P.	—	610	600	Cramphorn	610	......	16.5	2.1	3.9	17.7
303	F.P.	21/1	432	370	Dunbar Group £1	428	+3	b6.2	4.4	2.1	15.6
120	F.P.	5/2	222	152	Hadland J.	222	......	u2.52	3.8	1.6	20.4
107	F.P.	12/1	134	113	Independent Inv. 25p	126	......	—	—	—	—
70	F.P.	9/1	100	78	Midland Marts	100	+2	b3.75	2.0	5.4	15.4
100	F.P.	23/1	108	97	New Tokyo Inv Tst 50p	108	−1	—	—	—	—
50	F.P.	—	51	47	Pennine	49	+2	—	—	—	—
25	F.P.	—	48	27	Phoenix Mining 25p	49	+1	—	—	—	—
125	F.P.	12/12	253	155	Scan Data	226	......	u2.0	2.5	1.2	46.6
148	F.P.	12/12	172	132	Thames Inv. & Secs.	136	......	u5.18	1.2	5.4	21.1

FIXED INTEREST STOCKS

Issue price	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price	+ or −
..	Nil	—	11pm	8pm	Allied London 8½% Cnv. Uns. Ln. 1999	8pm	......
¶	F.P.	29/12	102½	96	Bell (Arthur) 9½% Cnv. Uns. Ln. 99-2001	96½	......
¶	F.P.	26/2	107¼	106½	Chester Waterworks 9% Red. Pref. 1985	106½	......
100p	F.P.	28/1	105p	102p	Comben 11.375% Cum. Red. Pref.	104	......
¶	F.P.	26/2	107¾	106½	East Anglian Water 9% Red. Pref. 1985	107	......
..	F.P.	—	107½	106¾	East Worcester 9% Red. Pref. 1985	107	......
¶	F.P.	5.1	103	100	Energy Finance 8% Cnv. Uns. Ln. '95-2000	100	......
¶	F.P.	26/2	105	104½	Essex Waterworks 8½% Red. Prf. 1985	104½	......
£100	£50	30/4	46	44	Lon. Merchant Secs. 7½% Cv. Uns. Ln. 2000-05	44½	−½

"RIGHTS" OFFERS

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (40)

BRITISH FUNDS (9)
Treasury 9½pc 1981; Exch. 3pc 1983; Exch. 8¼pc 1981; Exch. 3pc 1983; Treas. 3½pc '80-82; Treasury 3pc 1985; Treas. Variable '82; Exch. 11½pc 1986; Treasury 8¼pc 1982

AMERICANS (4)
Abbott Labs.; Bendix Corp.; Am. Medical Inc.; Sperry Corp.

BUILDINGS (1)
Vectis Stone

STORES (1)
Comet Radio

ELECTRICALS (1)
GEC

FOODS (3)
Avana Group; Somportex; Sainsbury (J.)

INDUSTRIALS (8)
BOC Int; Hanson Trust; Brengreen; Initial Services; Gieves Group; Pilkington Brothers; Glaxo; Swire Pacific

LEISURE (2)
Pleasurama; Zetters

NEWSPAPERS (2)
Collins (W.); Collins (W.) 'A'

PROPERTY (2)
London Shop Prop.; Rosehaugh

SHIPPING (1)
Reardon Smith

TRUSTS (4)
Aust. & Int.; Viking Resources; SPLIT Inc.; M. & G. Holdings

OVERSEAS TRADERS (2)
Paterson Zochonis; Paterson Zochonis 'A'

NEW LOWS (7)

BUILDINGS (1)
Tilbury Contracting

ENGINEERING (1)
Davis Gowerton

INDUSTRIALS (4)
Bellair Cos.; Letraset; Hargreaves; Myson

MOTOR (1)
ERF

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Frankfurt Trust Investment—GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt

FT-Interzins	DM37.22	40.68	+0.04	—
Frankft. Effekt. Fd.	DM49.83	52.45	—	—

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Nov. 28 | US$152.93 | — | —

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741

Inter-Dollar Fund	US$3.10	3.35	—	—
Far East Fund	US$2.26	2.41	—	—
Intl. Currency Fund	US$1.72	1.86	—	—
Dollar Fxd. Inc. Fund	US$2.22	2.40	—	—
Ster. Exempt Gilt Fd.	£1.40	1.52	—	—

Providence Capital Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	58.7	63.1	+0.3	2.30
Abbey Capital	44.3	47.9	+0.2	5.11
Abbey General	55.0	59.5	+0.4	5.16
Abbey Gilt & F.I. Tst.	105.3	110.8	+0.2	11.82
Abbey Income	32.2	34.8	+0.1	10.09
Abbey W'Wide Bd Tst.	91.5	96.8	.....	6.92
Abbey Inv. Tst. Fd.	48.3	52.3	.....	4.87
Equitas Prog. Tst.	78.6	85.0	+0.4	5.07

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	88.6	93.2	.....	12.87

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	86.1	92.1	+0.5	6.26
Brit. Inds. Fund	74.0	79.2	+0.2	6.74
Growth & Income	48.3	51.7	+0.2	5.38
Elect. & Ind. Dev.	42.7	45.7	+0.2	5.47

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	34.2	37.4	+0.1	12.05
North American	61.5	66.4	+0.8	2.59
Canadian Exempt*	64.3	68.0	.....	3.34
Canadian Trust	65.3	70.6	+0.3	2.52
Mid-Mount High Inc.*	47.0	49.9	.....	9.69
Recovery	54.8	59.7	+0.4	7.22
Gilt Trust	42.7	44.7	.....	12.94

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	80.2	86.4	.....	0.86
Cres. Internat'l.	74.8	80.7	.....	1.78
Cres. High. Dist.	39.9	43.0	.....	11.34
Cres. Reserves	49.3	53.2	.....	5.40
Cres. Tokyo	28.8	31.1	.....	1.00

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.0	25.4	.....	10.02

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Dec. 23	216.7	231.2	.....	5.72

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.4	19.3	.....	8.75
Gt. Winchester O'seas	25.8	28.4	.....	5.90

Emson & Dudley Tst. Mngmt. Ltd.

FT UNIT TRUST INFORMATION SERVICE

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ.
See also Stock Exchange Dealings.

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1980-81 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
98⅜	90¼	Treasury 3½pc 1979-81	98⅜	...	3.54	13.32
99	93¾	Treasury 9¾pc 1981‡‡	99	+⅛	9.84	13.83
97	91¼	Exch. 8¼pc 1981	97	+⅛	8.44	13.87
97	92¼	Exch. 9½pc 1981	97xd	+⅛	9.71	13.76
94	85½	Exch. 3pc 1981	93⅞	+⅛	3.19	13.47
99	96½	Treas. Variable '81‡‡	99	.....	13.61	14.31
100	95	Exch. 12¼pc 1981‡‡	99⅞	......	12.77	12.83
95⅞	88½	Treas. 8½pc '80-82‡‡	95⅞xd	+⅛	8.86	13.08
92¼	82½	Treasury 3pc '82‡‡	92	+⅛	3.26	10.79
102⅛	96⅝	Treasury 14pc '82‡‡	100⅞	...	13.88	13.14

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980-81 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
92¼	82¾	Aust. 5½pc '81-82	92¼	..	6.06	13.63
85¼	72½	Do. 6pc 1981-83	83½	..	7.22	13.19
67¾	58	N.Z. 7¼pc 1988-92	63¾	.....	11.36	13.55
82¾	72	Do. 7½pc '83-86	78¼	....	9.62	13.30
96¾	83	Sth Africa 9½pc '79-81	96½	..	10.01	16.05
160	95	S. Rhod. 2½pc Non-Ass	115	..	—	—
49	31	Do. 3½pc 80-85 Asstd	48	..	7.56	22.82
32	20½	Do. 4½pc 87-92 Asstd	30	....	15.00	22.20

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex: 16527 Tel: 276 796
Birmingham: George Hse., George Rd., B15 1PG Telex: 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex: 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex: 23283 Fax: 512 1404 Tel: 512 9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 25 South Frederick St., Dublin 2. Telex: 25414 Tel: Dublin 603378
Edinburgh: 37 George Street, EH2 2HN Telex: 72484 Tel: 031-226 4120
Frankfurt: Frankenallee 71-81 Telex: 416052 Tel: 7598 234
Johannesburg: P.O. Box 2128 Telex: 8-6257 Tel: 838-7545
Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex: 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's Hse., Queen St., M2 5HT Telex: 666813 Tel: 061-834 9381
Mexico City: Paseo de la Reforma 122-10, Mexico 6DF. Tel: 53513-68
Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 7900 Tel: 243 1635
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 66390 Tel: (212) 541 4625
Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044, Paris Cedex 01 Telex: 220044 Tel: 297 2000
Rome: Via della Mercede 55. Telex: 610032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex: 17603 Tel: 50 60 88
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax: 245 0358 Tel: 241 2920
Washington: 914 National Press Building, Washington D.C. 20045 Telex: 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex: 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4139
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex: 666813 Tel: 061-834 9381
Frankfurt: Frankenallee 68-72. Telex: 416193 Tel: 7598 1
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 238409 Tel: (212) 489 8300
Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044, Paris Cedex 01 Telex: 220044 Tel: 297 2000
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex: J27104 Tel: 295 4050

Overseas advertisement representatives in
Central and South America, Africa, the Middle East, Asia and the Far East
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription departments: Financial Times in London (tel: 01-623 1211), Frankfurt, New York and Paris

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

INDUSTRIALS—Continued

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
54	42	Hargreaves 20p	42	−1	3.96	2.2	13.5	(4.0)
88	52	Harris (Ph.) 20p	65	......	5.5	1.6	12.4	(6.1)
46½	30	Harris & Sheldon	30	......	3.0	2.3	14.3	4.2
34	18	Hawkins & Tipson	19xd	......	1.0	φ	7.5	φ
16¼	6½	Hawtin 5p	10¼	......	0.25	8.6	3.5	3.5
72	46	Hay (Norman) 10p	69	......	‡3.35	1.7	‡	11.9
106	57	Hensher 'A' 10p	101	......	♦2.5	3.5	3.5	11.6
112	86½	Hepworth Cmc.	92	......	5.0	3.5	7.8	4.5
36	22	Hestair	24	......	1.0	1.0	6.0	(18.6)
50	32	Hewitt (J.)	40	......	1.5	9.8	5.4	2.2
43	24	Highgate & Job 50p	26	......	—	—	—	—
65	42	Hill (Chas.) £1	42	......	—	—	—	—
33	17	Hirst Mal'son 20p	17	......	‡2.6	1.4	‡	(3.3)
100	75	Holden (A.)	92	......	5.0	3.3	7.8	4.5
51	23	Hollis Bros	25	+1	1.4	1.4	8.0	(1.3)
88	62	Holt Lloyd Int. 10p	65	+3	h3.17	2.5	7.0	6.7
192	106	Hoover 'A'	110	......	‡12.0	0.9	‡	(8.7)
112	34	Hoskins & H 20p	39	......	‡8.0	1.5	‡	2.8
80	54	Howard Tenens	56	......	‡2.28	2.8	‡	10.3
377	230	Hunting Assoc.	310	......	5.0	6.0	2.3	8.8
131	60	Huntleigh 10p	112	......	1.5	2.8	1.9	28.1
155½	55½	Hutch Whamp SHK1	144½	+1½	M028c	2.6	1.6	24.1
25½	12	Hyman (I. & J.) 5p	15	......	1.25	3.6	11.9	3.3
£14⅝	845	I.C. Industries$1	£13⅞	......	Q$2.00	—	6.0	—
196	63	ICL	70xd	......	2.97	φ4.4	6.1	5.3
39	24	Ingall Inds. 10p	36	......	2.27	1.6	9.0	9.9
210	107	Initial Services	210xd	+5	7.5	2.3	5.1	10.4
18	8½	Inter-City 20p	10½	......	‡0.6	1.8	‡	(8.0)
57	39½	J. B. Holdings 10p	42	......	3.0	2.1	10.2	6.5
150	100	Jacksons Bourne	113xd	......	5.0	3.3	6.3	6.9
12½	4½	James (M.) Ind. 10p	12	......	‡0.75	3.9	‡	3.3
295	108	Jardine M. SHK5	208	+3	tQ88c	1.9	3.5	15.1
29	15½	Jentique	18½	......	1.03	2.0	8.0	(7.3)
16	3	Johnson & Barnes	9	+1	—	—	—	—
193	135	Johnson Clnrs.	155	+1	†6.2	3.8	5.7	5.8
284	102	Johnson Mthy. £1	204	......	§9.0	2.8	6.4	(7.8)
92	39½	Jourdan (T.) 10p	86	......	4.2	0.6	7.0	33.3
56	63	Kalamazoo 10p	81	......	3.75	1.4	6.6	13.3
190	98	Kalsey Inds.	150xd	......	8.0	φ	7.6	φ
125	53	Kennedy Sm. 10p	120	−5	†3.5	3.4	4.2	8.4
362	225	Kershaw (A.) 5p	265	......	h21.75	0.6	11.7	(21.3)

INSURANCE—Continued

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr
223	175	Heath (C.E.) 20p	183	+1	†9.66	2.2
140	83	Hogg Robinson	112	......	5.7	2.2
114	92	Howden (A.) 10p	96	−1	7.0	1.7
£47	£33	Do. Warrants	£37	......	—	—
257	151	Legal & General	196	−1	†7.6	—
228	142	Lon. & Man. 5p	190	......	†8.75	—
210	122	London United 20p	185	......	9.0	2.3
£14¾	£11⅞	Marsh McLen'n $1	£14½	......	Q$2.00	1.8
117	88	Minet Hldgs. 20p	95	+1	†4.47	2.8
32	20	Moran (Chris) 20p	21#	......	4.0	1.2
472	268	Pearl 5p	404	−2	17.0	—
318	208	Phoenix	258	+2	†13.3	—
206	136	Provident	190	......	†10.2	—
268	162	Prudential	220	......	†9.5	—
242	140	Refuge 5p	198	−2	†10.6	—
480	307	Royal	353	+3	§24.0	—
136	88	Sedgwick 10p	117	......	5.0	2.3
97	67	Stenhouse	83	......	4.65	φ
242	168	Stewart Wr. 20p	192	......	12.0	2.0
808	520	Sun Alliance £1	708	+2	†28.0	—
254	130	Sun Life 5p	249	......	N7.5	—
567	433	Taisho Mar. EDR	563	......	Q10%	—
213	155	Trade Indemnity	202	......	15.6	—
£19⅝	£15¼	Travelers $2.50	£16¾	......	Q$2.48	—
287	207	Willis Faber	270	......	†11.0	1.8

LEISURE

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr
94	60	Anglia TV 'A'	80	......	†3.57	3.0
146	81	Assoc. Leisure 5p	133	+4	5.1	2.4
129	59	Barr & W.A.T. 'A'	64	+1	‡6.75	2.4
63½	28	Black Edgtn. 50p	32	......	‡d5.0	1.0
136	86	Boosey & Hawkes	124	......	5.67	0.8
90	45	Campari Int. 20p	56	......	4.0	1.7
101	54	Coral Leis. 10p	96	......	♦3.5	2.2
95½	42	Fairline Boats 10p	44	......	3.5	φ
55	37	Glasgow Pavilion 10p	42	......	—	—
43	24	Grampian TVA 10p	41	......	†2.28	1.7
120	90	HTV Non/Vtg.	101	......	10.0	2.2

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OIL AND GAS

MINES—Continued

Australian

Tins

Copper

Miscellaneous

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distribution and rights.

- φ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ¤ Dealt in under Rule 163(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ◊ Not comparable.
- ◊ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ◊ Excluding a final dividend declaration.
- ★ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xCP ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
[illegible]	39	......
[illegible]	21	......
[illegible] £1	620	......
[illegible]	67	......
Holt (Jos.) 25p	315	......
[illegible]	57	......
Sindall (Wm.)	135	−6

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£93⅛	......
Nat. 9¾% 84/89	£74¼xd	......
Fin. 13% 97/02	£86⅝	......
Alliance Gas	52	......
Arnott	215	......
Carroll (P.J.)	75xd	......
Concrete Prods.	85	......
Heiton (Hldgs.)	33	......
Ins. Corp.	320	......
Irish Ropes	33xd	......
Jacob	34	......
[illegible]	25	−1
Unidare	82	......

OPTIONS

3-month Call Rates

Stock	Rate
Utd. Drapery	6½
Vickers	15
Woolworths	5½
Property	
Brit. Land	8
Cap. Counties	11
Land Secs.	35
MEPC	20
Peachey	17
Samuel Props.	15
Town & City	3
Oils	
Brit. Petroleum	50
Burmah Oil	20
Charterhall	13
KCA	22
Premier	14
Shell	45
Tricentrol	40
Ultramar	50
Mines	
Charter Cons.	30
Cons. Golds	55
Lonrho	10
Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 20

FINANCIAL TIMES

Saturday January 3 1981

WOMAN OF THE WEEK

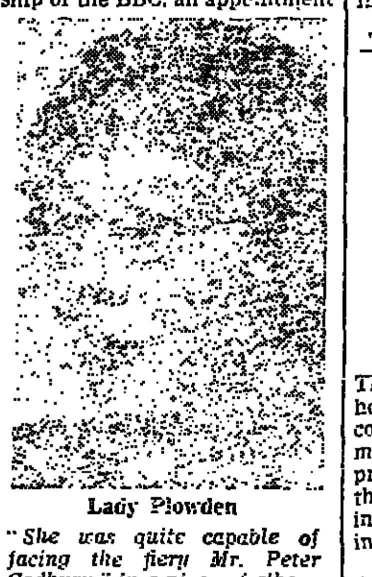
Mistress at the IBA

FOR Lady Plowden 1980 ended on a spectacular note. She is an unobtrusively dressed, trim-figured woman in her 71st year and it was her task to take the stage on a grey Sunday in late December and announce the sweeping changes she was about to impose upon Britain's commercial television system.

It was, to say the least, a poor news day. The presses, cameras and microphones were hungry for material. As chairman of the Independent Broadcasting Authority she satisfied that hunger, and in the process crushed careers, made fortunes and provided the merchant banking business with a windfall of new offers and money-raising exercises.

Even overlooking Lady Plowden's extensive background in education it would be difficult to think of her in other than school mistress terms. She is socially charming but restrained. She invokes a discipline which is rarely stated and is, above all, a person with whom one would never dream of attempting to take a liberty. That she was quite capable of facing the fiery Mr. Peter Cadbury in a piece of power-game elbow-wrestling was typical, as was her horror when details of the confrontation hit the public prints.

Lady Plowden went to the IBA from the deputy chairmanship of the BBC, an appointment



Lady Plowden

"She was quite capable of facing the fiery Mr. Peter Cadbury" in a piece of elbow-wrestling

greeted with less than enthusiasm in the industry. As Sir Brian Young, the director general, was a former Charterhouse headmaster, the companies saw her appointment as yet another move towards a takeover by academics. In fact the Plowden/Young rule has brought commercial broadcasting a remarkable period of expansion. Without their presence it is difficult to believe that any government would have given the Fourth Channel to an ITV system which, without IBA restraint, could easily become the commercial plaything of the small-screen moguls.

If it was the constraints of the Plowden rule which most concerned her charges when they first arrived, it is the development of the system for which she will be most remembered. She expresses pleasure at the way in which the radio network in particular has grown in recent years and—intriguingly enough since she was accused of being non-commercial—of the way in which "there is a greater realisation that if you can make a profit it is not necessarily a wicked thing."

Her enthusiasm for expansion may, of course, have endangered these profits over the next few years. There are big question marks over the ability of the commercial broadcasting system to sustain all its existing and future activities at a time of serious economic recession. Lady Plowden recognises the dangers but believes the system can survive them.

Although the Plowden background is heavily educational—she sprang into the headlines in the 1960s with her report on the British educational system—she is not without commercial experience. She was once a director of Trust Houses Forte.

Lady Plowden is not happy about the estrangement between herself and the people who run the television companies over recent months. Indeed, her successor, Lord Thomson of Monifieth, reckons that he will spend much of his first year in office tending the wounds that have opened up in IBA-company relationships.

Now Lady Plowden, banned from taking any further active role in television (the IBA's own rules forbid 70-year-old television company directors) will return to her first love, education, and to spending more time with her family. It would be nice to think that when Mr. David Frost gets his glittering new-born breakfast show on the air one of the first guests would be the woman who nursed it through a jungle of potential child-stranglers.

Horsman takes over at TKM

BY CHRISTINE MOIR

MR. MALCOLM HORSMAN, the international trader, who was a takeover specialist during the heady days of growth at Slater Walker, has become managing director of Tozer Kemsley and Millbourn, the international trading, finance and motor distribution group.

His appointment puts the seal on his return to the City after five years of what he once described as "the vigorous pursuit of anonymity," following his resignation as joint managing director of Bowater Corporation at the end of 1975.

Mr. Horsman was in control of Bowater for the only three years after its £80m reverse takeover of Ralli International, the international trading and commodity group which he had built up under the Slater Walker mantle.

His period of office at Bowater included an attempt to merge with Hanson Trust in a £45m bid opposed by the City and withdrawn in the face of a reference to the Monopolies Commission.

Mr. Horsman's appointment at TKM, where he has been a non-executive director since 1975, reflects the increasing importance of international trading to the group not least because of Mr. Horsman's personal influence so far.

In May 1979 he recommended the purchase of Reed International, the overseas trading arm of the paper group. TKM kept 70 per cent of the loss-making business and Mr. Horsman acquired 30 per cent and became the chairman. Now renamed Spicer-Firgos it has not so far shown a contribution to profits.

However, Mr. Kenneth Thorogood, TKM's chairman who gives up his position as chief executive, believes that the international spread of businesses shields TKM from some of the worst effects of recession in particular industries such as motor distribution in which TKM is heavily engaged through Wadham Stringer.

Mr. Horsman's other main commitment is his directorship acquired a year ago of London and European Group, the property and investment company which has built up a stake in ailing Newman Industries in recent months.

MOVE TO STEM IMPORTS AND REVIVE FLAGGING MARKET

GM cuts price of small cars

BY IAN HARGREAVES IN NEW YORK

GENERAL MOTORS, the largest U.S. motor company, yesterday announced that it is to cut the price of its smallest cars in an attempt to stem the flow of imports and revive the flagging car market.

The cuts were announced as part of GM's first quarter price package which will add an average 1.5 per cent or $149 (£62.50) to the prices of GM cars — the third increase on the new models which the industry unveiled last October.

But the most significant aspect of the changes was the decision to reduce by $100 the official retail price of the Chevrolet Chevette, the largest selling car in the U.S. last year, and to hold the price of the company's slightly larger X-body cars, such as the Chevrolet Citation.

GM said it was lowering the Chevette's price because of "market realities" and the necessity of boosting sales of new cars.

One market reality is that in spite of the success of the Chevette and the introduction of new small cars from Ford and Chrysler, no progress has been made since October in reducing the penetration of imported cars into the U.S. market.

Following yesterday's price cuts the official Chevette price drops to a range between $4,594 and $5,293 (£1,929 to £2,222). A number of Japanese Cars are on sale in the U.S. more cheaply.

With the car market in the doldrums because of high interest rates, there are large stocks in showrooms of the Chevette and of Chrysler's new offering, the K-body car.

Many industry analysts argued last autumn that Detroit increased its car prices too ambitiously for the new model year, and GM's actions yesterday indicates some acceptance of this view—although there were significant price rises for GM's bigger cars. The top-price Cadillac, for example, goes up by more than $900.

GM pointed out in its announcement that its costs are rising at 12 per cent annually and that the cost of index-linked pay increases to its workforce increased costs per car by $30 in December alone.

GM's pricing actions come when the industry is still suffering from depressed sales. In the first quarter of this year, the industry plans to build 1.79m cars, which is only slightly higher than the first quarter of last year, when Detroit was at what was then thought to be the bottom of a sales and production slump. Many car plants are taking extended Christmas holidays.

Volkswagen of America, meanwhile, has set 330,000 vehicles as its 1981 sales target, an increase of 6.6 per cent on last year.

Recession slows rapid growth of house building costs

BY ANDREW TAYLOR

THE SHARP rate of growth in house building costs has slowed considerably in the past few months as building material producers and suppliers hit by the recession in the construction industry have held back price increases.

Figures produced by the Royal Institution of Chartered Surveyors and Building magazine show the cost of constructing a home—excluding land costs—rose by only 0.8 per cent in the past three months, compared with a rise of more than 17 per cent in the first nine months of 1980.

In December, house building costs are estimated to have risen by less than 0.1 per cent—the lowest monthly increase for three years.

In 1980, housebuilding costs are estimated to have risen by 18.1 per cent, slightly less than in 1979 when costs were estimated to have risen by 19.3 per cent.

The rate of growth in house building, labour and material costs is expected to continue to slow in 1981 but a faster rate of growth than of late can be expected in the next few months. This is likely to reflect delayed increases in the price of materials.

The wage costs of electricians and plumbers are also likely to raise as a result of present and future wage awards.

The rise in costs over the past 12 months—with labour costs increasing by 19 per cent and material prices rising by 16.1 per cent—have significantly outstripped the rate at which house prices rose during 1980 and housebuilders' profit margins have come under serious pressure.

It seems unlikely that this pressure will lessen in the coming months with house prices, according to many forecasters, unlikely to rise by much more than 10 per cent unless there is a rapid improvement in the performance of the economy.

A lower rate of growth in building costs will help the industry but the major problem of a rapidly diminishing work load because of public spending cuts and the squeeze on private sector housing investment will remain.

House prices, Page 7: Council sales, Page 15

Continued from Page 1

Steel

than the 12.4 per cent they held in 1978 or the 14.9 per cent in 1976—both years in which the quota applied.

These market share figures are for products covered by the old quota system, under which imports totalled 148,000 tonnes in 1979. The new restrictions will probably also be addressed in the main to these items.

But taking special steels as a whole, 874,000 tonnes of imports were sold in the U.S. in 1979, of which 320,000 tonnes came from Japan, 161,000 tonnes from Canada and 106,000 tonnes from the UK. France and West Germany were the fourth and fifth largest suppliers. Although these tonnages are small, they are of high value.

The U.S. special steel producers, located mainly in the mid west and Texas, account for less than 3 per cent of domestic steel tonnage, but almost 10 per cent of annual sales volume.

Reuter adds: The U.S. Steel Corporation said yesterday it expects domestic steel industry shipments of at least 90m tons in 1981 after 84m in 1980.

Geneen in bid for Cannon Mills

BY DAVID LASCELLES IN NEW YORK

A PRIVATE investment group led by Mr. Harold Geneen, the former chairman of ITT, yesterday proposed a $376m (£157.45m) takeover bid for Cannon Mills, one of the largest manufacturers of towels, sheets and pillow cases in the U.S.

The bid came as a surprise, partly because Mr. Geneen, who is 70, had slipped from public view since he resigned as ITT chairman a year ago. In addition, Cannon Mills has encountered trading setbacks recently and rates as a "no buy" on most stockbrokers' lists, though its long-term outlook is quite good.

The bid ih worth about $40 a share, compared with a recent trading price of $25. The stock shot up nearly $10 on the New York Stock Exchange yesterday to $34½ in the wake of the announcement.

Cannon Mills' board said it was favourable disposed towards the bid but warned that a deal would need the approval of a large number of people, including Government regulatory agencies.

Allied with Mr. Geneen in the bid is Mr. Ira Hechler, described as heading a small group of private investors, none of whom were identified.

Mr. Geneen has been an active private investor since he started withdrawing from the day-to-day management of ITT in 1977. His known investments include a coke plant bought from Allied Chemical and a sizeable stake in Pneumo Corporation, which makes aircraft components. He is also believed to have struck a number of private deals, drawing on his personal fortune and excellent standing in the financial community.

Cannon Mills, based in North Carolina textile country, is still 37 per cent-owned by the Cannon family. Its sales are about $650m a year, and earnings in 1979 were $38m.

Empire Stores in VAT dispute

BY BARRY RILEY

EMPIRE STORES, the Bradford based mail order house, has been told by the Accounting Standards Committee that its method of accounting for value added tax liabilities is unacceptable.

"We are extremely surprised," said the company's finance director Mr. Don Hale. "We don't know why they have come to a decision different from the advice which we have received."

Empire has consulted leading counsel at the tax bar, and a prominent specialist in VAT. In each case, the advice has been that Empire does not need to set up a provision for VAT in the way now required by the committee.

Empire Stores has been drawn into a dispute which originally involved Grattan Warehouses, another Bradford mail order house. Last year Grattan changed its method of accounting for VAT, and suffered a qualification to its accounts by auditors Arthur Young McClelland Moores.

In June 1980 a panel was set up by the Accounting Standards Committee to consider VAT accounting in the light of Press comment on the Grattan case.

Representations were made to the panel by N. Brown Investments, Empire Stores, Freemans, Grattan Warehouses and the Littlewoods Organisation.

The panel investigated the implications of special schemes which are made available to retailers by the Customs and Excise. One of these allows VAT to be levied by reference to cash collected rather than invoiced sales. It offers advantages to mail order houses which, like Grattan and Empire, normally accept payment in weekly instalments.

The accounting problem concerns whether a provision should be set up in the accounts to cover VAT relating to future cash instalments. The panel has decided that although there is no legal liability for such payments, the VAT in question falls within the definition of short term timing differences given in the accounting standard SSAP 15.

A complication is that Arthur Young are auditors to Empire as well as Grattan. Although Grattan's accounts were qualified, Empire escaped qualification even though for some years it has used the accounting method now proscribed.

According to Mr. Hale, Empire is now awaiting a response from the ASC to its request for the reasons why it should not provide for VAT only on the basis of cash collected. Any change in accounting policy will depend on discussions expected to take place with the auditors.

Weather

UK TODAY

A FRONTAL trough lying across Northern Scotland will move steadily south.

London, S. England, Midlands

Rain in places, sunny intervals developing. Wind gale force. Max. 7C (45F).

E. England, N. England

Showers turning to snow. Gale force wind. Max. 5C (41F).

Scotland

Squally wintry showers, drifting snow, gale force winds. Max. 2C (36F).

Outlook: Snow in North extending to most parts.

WORLDWIDE

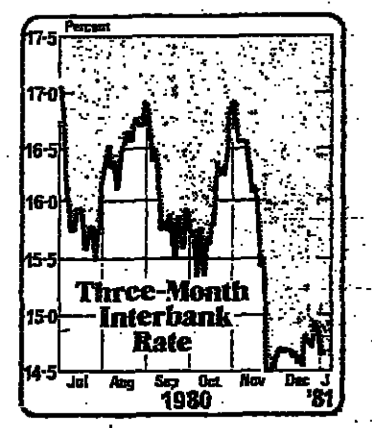
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	13	55	Jersey	R	9	48
Algiers	F	15	59	Jo'burg	S	29	84
Algiers	F	15	59	L. Plms.	S	18	64
Amsdm.	R	7	45	Locarno	S	12	54
Athens	F	13	55	London	C	10	50
Barclna.	F	11	52	Luxmbg.	R	2	34
Beirut	F	14	57	Luxor	S	20	68
Belfast	C	9	48	Madrid	S	8	48
Belgrd.	F	3	37	Majorca	S	14	57
Berlin	C	4	39	Malaga	S	15	59
Biarritz	R	10	50	Malta	C	14	57
Bmghm	C	9	48	M'chstr	C	9	48
Blackpl	R	8	46	Melbne.	F	26	79
Bordx	C	8	46	Milan	S	9	48
Boulgn.	R	8	46	Moscow	Sn	0	32
Bristol	R	8	46	Munich	Sn	1	34
Brussels	R	7	45	Nairobi	F	26	79
Budpst.	F	3	37	Nwcstl.	C	10	50
Cairo	F	17	63	Nice	S	12	54
Cardiff	R	9	48	Oporto	S	11	52
Cas'b'ca	S	15	59	Oslo	S	0	32
Cape T.	F	23	73	Paris	C	8	46
Cologne	R	5	41	Perth	F	29	84
Cpnhgn.	F	3	37	Prague	C	0	32
Corfu	S	11	52	Reykjvk	F	−4	25
Dublin	C	9	48	Rhodes	C	12	54
Dbrvnk	S	7	45	Rome	S	13	55
Ednbgh.	R	10	50	Salzbrg.	C	3	37
Faro	S	15	59	Singapr	C	29	84
Florence	S	7	45	Stckhm	S	1	30
Frankft	C	4	39	Strasbg.	C	5	41
Funchal	C	17	63	Sydney	S	28	82
Geneva	Sn	2	34	Tangier	F	15	59
Gibrltr	S	15	59	Tel Aviv	C	16	61
Glasgow	R	10	50	Tenerife	F	13	55
G'rnsey	C	9	48	Tokyo	S	7	45
Helsinki	C	−6	21	Tunis	F	14	57
H. Kong	S	19	66	Valencia	S	15	59
Innsbrk	Sn	1	34	Venice	S	10	50
Invrnss	R	9	48	Vienna	C	3	37
I.o Man	R	9	48	Warsaw	C	1	34
Istanbul	R	7	45	Zurich	Sn	2	36

C—Cloudy. F—Fair. Fg.—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

Avoiding action by the Bank

Index rose 0.8 to 475.3



Not many bankers bothered to come to work yesterday, but the Bank of England was a hive of activity. The issue of a new long tap is a regular event on a Friday, but the decision to reduce the regular issue of Treasury bills to £100m next week (it has run as high as £500m) is something unusual, and a cut in the reserve asset ratio—from 12½ per cent to 10 per cent—is unprecedented.

The message is that this year the Bank is not going to be caught out by the regular January strains in the money markets, when heavy tax payments tend to lead to very substantial shortages of credit, which in turn tend to put upward pressure on interest rates and therefore on sterling.

Early in 1980 the Bank's solution was to inject liquidity directly into the banking system, buying large amounts of gilt-edged stock for supposedly quick resale. But the "temporary" help became embarrassingly permanent—it was not run off until December—and it will only be used again as a last resort.

When conditions are tight it is pointless for the Bank to issue large amounts of Treasury bills, which only have to be bought back because the market cannot afford to pay for them. And now the cut in the reserve asset ratio will reduce by roughly £1.7bn the amount of liquid instruments — cash, Treasury and certain other bills, very short gilt-edged stocks and discount market call money—that the banks are required to hold.

The net effect on liquidity may not be as much as this. But the banks have been given a good deal of room to run down their holdings of these liquid assets; they can sell them to the Bank of England, or — which comes to the same thing in the case of Treasury bills — the Bank can continue with a reduced weekly issue.

The most curious thing is that the Bank did not feel able to lower the reserve asset ratio last autumn, when the money markets were regularly tied up in knots as the banks scrambled (not always successfully) to reach the 12½ per cent requirement on the monthly banking make-up days.

Its reservations about lowering the ratio then seem to have stemmed from absence of precedent—reserve assets had never previously been used as an instrument of monetary control—and the fear that a reduction would have been seen as a relaxation of prudential controls. Now that the reserve asset ratio is to be phased out anyway the Bank is less sensitive. The liquidity norms that will eventually replace it will allow banks to run down their liquidity at times of money market tightness provided they rebuild it later. Liquidity, after all, is supposed to be there for when you need it, and banks certainly ned it in January.

The issue of £1bn of Exchequer 12½ per cent 1999 "B" (this fin de siècle stock is now swollen by extra tranches to a decadent £2.8bn, the biggest in the market) is going to tighten money rather than ease it. But the need to sell gilt-edged overrides all other considerations, and at least the issue is only £20-paid.

The rest of yesterday's news should do nothing but good to the gilt-edged and money markets. Last autumn is sometimes seemed that lack of confidence in the Bank's ability to sort out make-up day problems made those problems very much worse. Now, the Bank's pre-emptive strike must give it an excellent chance of getting through January without unnecessary upheaval.

Hanson/CMT

Hanson Trust's offer for Central Manufacturing and Trading (CMT) reaches its first closing date on Monday, and will not be increased. The terms are fair but by no means generous, with the all-equity version now worth 52.8p per share (valuing the whole company at £14m) compared with 40p in the market before the bid. CMT lost money in 1979-1980, and its forecast of a substantial turnround into profits during the current year—and of a gross dividend of 4.28p per share—depends on a number of rather hopeful-looking assumptions about trading conditions.

However, the group now has quite a strong balance sheet, and what looks like a much improved management structure. A great deal of fat has been cleared out in recent months, including an aeroplane, two Rolls-Royces and a country house. Shareholders may well calculate that given a bit of luck and decent management, a company with net assets of about £21m, annual sales of over £50m, and a spread of established businesses ought to be worth more than Hansen is offering.

Caparo, a private company, has acquired nearly a fifth of CMT's shares in recent months, and says it will reject the offer. Its longer term intentions are unclear. For its part, Hanson can afford to sit on its 13.3 per cent stake in CMT if its bid fails, ready to spring again if there is any sign of faltering — just as it did with Lindustries on its second attempt in 1979.

Banks

With yesterday's cut in Barclays' seven-day deposit rate from 12 to 11½ per cent, the major clearers seem to be adopting closely similar defensive strategies ahead of the widely-anticipated problems of 1981. In the last couple of years the clearers have achieved record profits on the back of high interest rates, but at the same time they have allowed their costs to mount rapidly, leaving them vulnerable if interest rates come down. The lagging performance of the banking sector last year, with a yield rising nearly a percentage point while the yield on the All-Share index fell by a similar amount, underlines the extent of the stock market's doubts.

All the clearers have now widened the spread between base and deposit rates from the 2 per cent obtaining through most of last year to 2½ per cent. At the same time lower interest rates mean a reduction in the offset against bank charges, so these should produce more income. Furthermore, in a sector in which competitive differences rarely seem to persist more than the odd month, the other clearers can be expected to follow NatWest's recent lead in raising the charge for drawing cheques in the not too distant future.

Meanwhile, the banks seem to be stepping up the battle to hold on to their share of the savings market. At the same time as Barclays cut its deposit rate, it bumped up the return on its new savings account from 13 to 13½ per cent. But all these defensive measures will count for little compared with the outcome of the current wage negotiations.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.